

CATERPILLAR DRIVE TAX INCREMENT FINANCING DISTRICT

Redevelopment Plan & Program



FINAL REPORT

January 2022

**CATERPILLAR DRIVE
TAX INCREMENT FINANCING REDEVELOPMENT PROJECT AREA
REDEVELOPMENT PLAN & PROGRAM**



FINAL PLAN

January 2022

Prepared by:
Teska Associates, Inc.



TABLE OF CONTENTS

INTRODUCTION	3
Tax Increment Financing.....	4
REDEVELOPMENT PROJECT AREA DESCRIPTION.....	5
Summary of the Eligibility of the Proposed Project Area.....	9
REDEVELOPMENT PLAN AND PROGRAM.....	10
Purpose of the Redevelopment Plan.....	10
Redevelopment Plan Goals and Objectives	11
Future Land Use Plan	15
Redevelopment Opportunity Sites.....	16
Eligible Project Costs.....	17
Acquisition and Clearance	18
Public Improvements	18
Phasing of Project	19
Estimated Project Costs	20
Sources of Funds	21
Nature and Term of Obligations to be Issued	22
Initial Equalized Assessed Valuation	22
Anticipated Equalized Assessed Valuation	23
Payment in Lieu of Taxes	23
Provision for Amending the Redevelopment Plan and Program	23
FINANCIAL IMPACT OF REDEVELOPMENT.....	24
FINDINGS OF NEED FOR TAX INCREMENT FINANCING.....	27
Project Area Not Subject to Growth	27
Conformance with Comprehensive Plan	28
Date of Completion.....	28

LIST OF FIGURES AND TABLES

Table 1: Existing Land Use	5
Table 2: Housing Units	5
Table 3: Redevelopment Opportunity Sites	16
Table 4: Estimated Redevelopment Project Costs	20
Table 5: Equalized Assessed Valuation.....	23
Figure A: Project Area Boundary	6
Figure B: Existing Land Use.....	7
Figure C: Existing Residential Uses.....	8
Figure D: Future Land Use Plan	13
Figure E: Redevelopment Opportunity Sites	14

APPENDICES

APPENDIX A: Eligibility Report

APPENDIX B: Legal Description

INTRODUCTION

This report documents the Tax Increment Redevelopment Plan and Program (the “Redevelopment Plan”) for the Village of Montgomery Caterpillar Drive Tax Increment Financing Redevelopment Project Area (the “Project Area”). The Redevelopment Plan has been prepared for use by the Village of Montgomery (the “Village”) by Teska Associates, Inc. The proposed Redevelopment Plan seeks to respond to a number of deficiencies, challenges and needs within the Project Area, and is indicative of a strong commitment and desire on the part of the Village to improve and revitalize the Project Area. This document is intended to provide a framework for improvements and reinvestment within the Project Area over the next 23 years.

The Village’s current comprehensive plan, which was adopted in 2014, encourages continued economic development within the Village, and highlights specific recommendations for the Project Area. The comprehensive plan encourages industrial growth and annexation, business attraction, working with Caterpillar to improve the facility, and infrastructure improvement within the Village.

The Project Area primarily includes the vacated Caterpillar facility, which is currently mostly vacant and in the process of being rehabilitated and upgraded for more modern industrial use. Due to the unique nature of this site, and the extraordinary challenges necessary for redevelopment, the Village is exploring Tax Increment Financing. To this end, the Village retained the planning consulting firm Teska Associates, Inc. to assist the Village in the creation of a new TIF redevelopment project area covering the former Caterpillar site. Teska has conducted the necessary field surveys, site evaluations, and identified key redevelopment opportunities and necessary public improvements within the Project Area, and this Redevelopment Plan summarizes the analyses and findings of the consultant’s work. The Village is entitled to rely on the findings and conclusions of this Redevelopment Plan in designating the Project Area as a “redevelopment project area” under the **State of Illinois Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 as amended**, the “Act”. Teska has prepared this Redevelopment Plan and the related Eligibility Study with the understanding that the Village would rely on: (a) the findings and conclusions of the Redevelopment Plan and associated Eligibility Report in proceeding with the designation of the Project Area and the adoption and implementation of the Redevelopment Plan; and (b) the fact that Teska has obtained the necessary information so that the Redevelopment Plan and the related Eligibility Study will comply with the requirements of the Act.

Tax Increment Financing

Tax increment financing is permitted in Illinois under the "Tax Increment Allocation Redevelopment Act," as from time to time amended (**Chapter 65 ILCS 5/11-74.4-1, et seq.**) (the "Act"). Only areas which meet certain specifications outlined in the Act are eligible to use this financing mechanism. In addition to describing the redevelopment objectives, this Redevelopment Area Plan and Program report sets forth in general terms the overall program to be undertaken to achieve these objectives.

The Act permits municipalities to improve eligible "conservation" or "blighted" areas in accordance with an adopted Redevelopment Plan over a period not to exceed 23 years. The municipal cost of certain public improvements and programs can be repaid with the revenues generated by increased assessed values of private real estate within a designated project area. This use of revenues is only applied to the increase in equalized assessed valuation generated within the designated project area during the limited term of the Redevelopment Plan and Program, principally from new private development.



Aerial Location Map

REDEVELOPMENT PROJECT AREA DESCRIPTION

The boundaries of the Redevelopment Project Area were carefully established in adherence to the eligibility criteria and include only those parcels which would benefit by the proposed Redevelopment Plan and Program. The Study Area generally consists of the vacant Caterpillar facility on Route 31. The Study Area consists of five (5) parcels totaling approximately three-hundred and sixty (360) acres. Existing land uses within the Project Area are illustrated in "Figure B Existing Land Uses".

Table 1: Existing Land Use *

Existing Land Use	Land Area (Acres)
Industrial	350
Rights-of-way (private streets and rail)	10
TOTAL	360

Table 2: Existing Housing Units **

Type	Units
Single-Family	0
Multi-Family	0
TOTAL	0

* The Project Area is currently unincorporated and should be annexed into the Village of Montgomery prior to designation as a TIF district.

** The intended relocation of ten (10) or more residential units, or the presence of seventy-five (75) or more residential units requires the preparation of a Housing Impact Study. Therefore, a Housing Impact Study is not required to be included in this report.

FIGURE A – PROJECT AREA BOUNDARY MAP

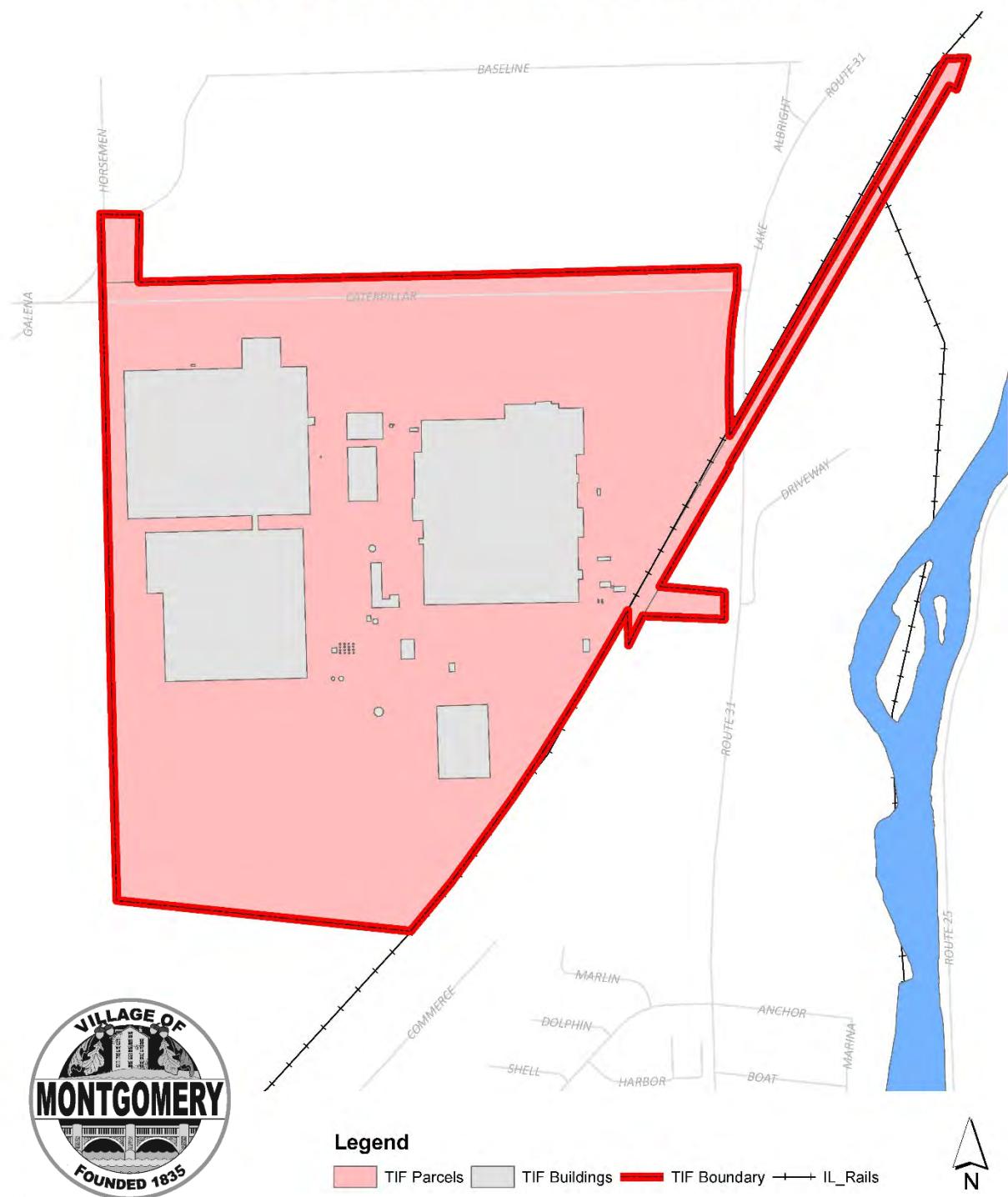


FIGURE B – EXISTING LAND USE

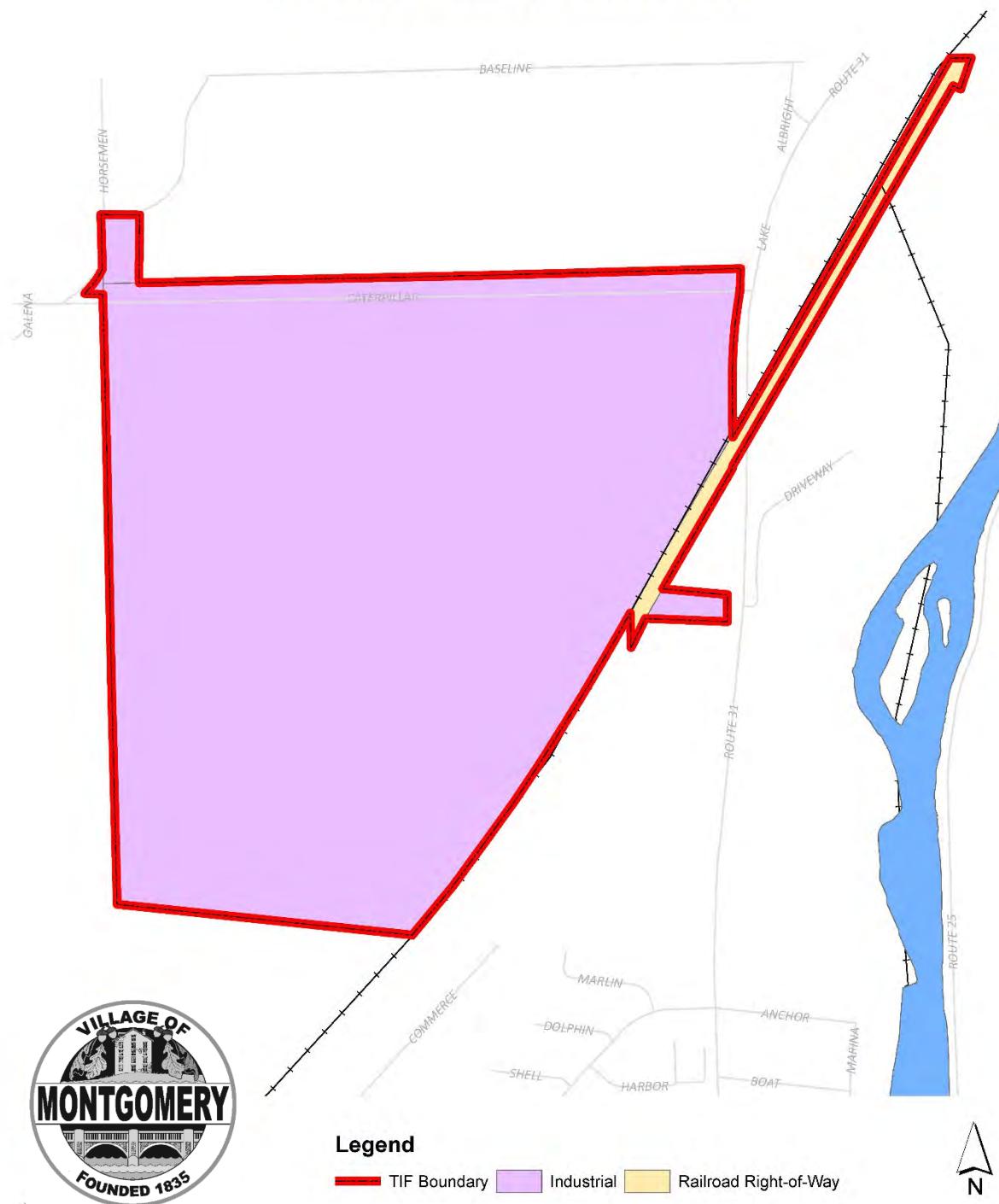
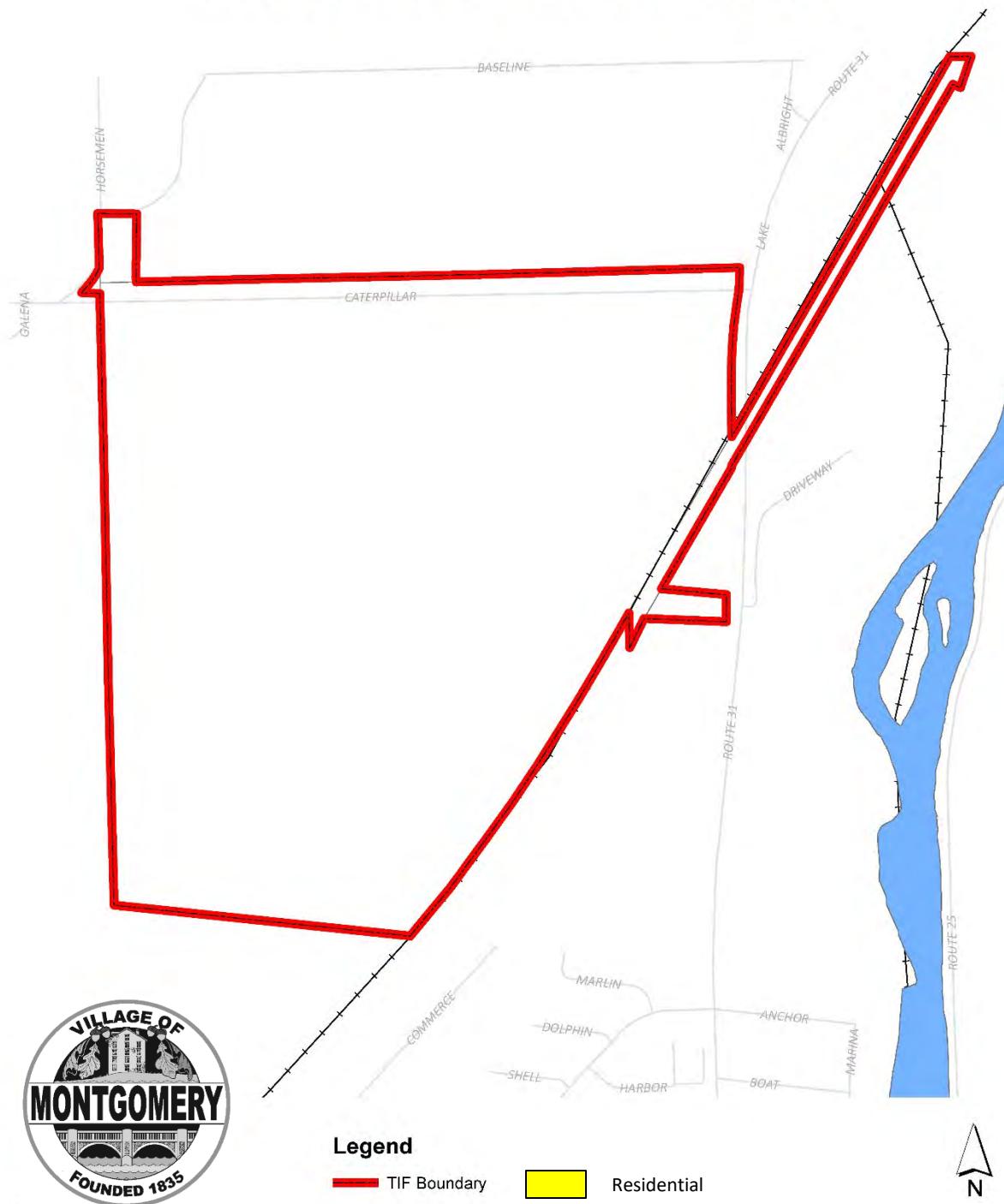


FIGURE C – EXISTING RESIDENTIAL UNITS



Summary of the Eligibility of the Proposed Project Area

In May of 2021, a study was undertaken, consistent with the Act and related procedural guidelines, to determine the eligibility of the Project Area. These "Eligibility Findings" indicate that the proposed Project Area meets the statutory requirements of a "blighted area" and is therefore eligible for designation as a "Tax Increment Finance Redevelopment Project Area."

As detailed in Appendix A – Tax Increment Financing Eligibility Report of this Redevelopment Plan, the Project Area is eligible for designation as a "blighted area" due to the predominance and extent of the following characteristics:

1. Obsolescence;
2. Deterioration;
3. Excessive Vacancies;
4. Lack of Planning; and
5. Decline in EAV.

Each of these factors contributes significantly to the eligibility of the Project Area as a "blighted area." These characteristics point towards the need for designation of the Project Area as a "blighted area" to be followed by public intervention in order that redevelopment might occur.



REDEVELOPMENT PLAN & PROGRAM

The revitalization of the Project Area presents challenges and opportunities for the Village of Montgomery. The success of this effort will depend upon cooperation between private investment and local government. Public and private development efforts have not yet been able to stimulate the comprehensive revitalization of the Project Area. The adoption of this Redevelopment Area Plan and Program will assist with the rehabilitation and reuse of the Caterpillar facility, as well as implementation of the goals and objectives of the Village's Comprehensive Plan, which otherwise could not reasonably be anticipated to occur without the adoption of this Redevelopment Area Plan and Program. Through public investment, the area will become more attractive to private investment.

The Act describes the Redevelopment Plan as "*the comprehensive program of the municipality for development or redevelopment intended by the payment of redevelopment project costs to reduce or eliminate those conditions, the existence of which qualified the redevelopment project area as a blighted area or conservation area ..., and thereby serves to enhance the tax bases of the taxing districts which extend into the redevelopment project area.*"

The successful implementation of the Caterpillar Drive Redevelopment Project Area Plan & Program requires that the Village take full advantage of the real estate tax increment attributed to the Project Area as provided for by the Act. The Project Area will not reasonably be developed and improved without the use of such incremental revenues.

Purpose of the Redevelopment Plan

Pursuant to the Act, the purpose of a Redevelopment Plan and Program is to promote the health, safety, morals, and welfare of the general public by:

- < Eradicating blighting conditions and instituting conservation measures;
- < Removing and alleviating adverse conditions by encouraging private investment of underutilized and vacant properties which will strengthen the economy, tax base, business environment, and living environment;
- < Improving existing public utilities and infrastructure within the area; and
- < Enhancing the overall quality of the business environment in the Village of Montgomery.

Redevelopment Plan Goals and Objectives

The aim of the Redevelopment Plan is the revitalization of the Project Area as a strong and attractive commercial and industrial development, which will contribute to the health and vitality of the Village of Montgomery. The goals and objectives of the Redevelopment Plan include those articulated in the Act, and those stated in the Village of Montgomery Comprehensive Plan. The goals and objectives outlined in the Comprehensive Plan which relate to this Redevelopment Plan are summarized below:



"Identify any mutual benefits of annexing the Caterpillar and Vegetable Vitamins Foods Company (VVF) into the Village and initiate a dialog to explore the annexation of the two large unincorporated employers." (Page 32)

"Promote the expansion and development of industrial areas and business parks as presented in the Land Use Plan." (page 35)

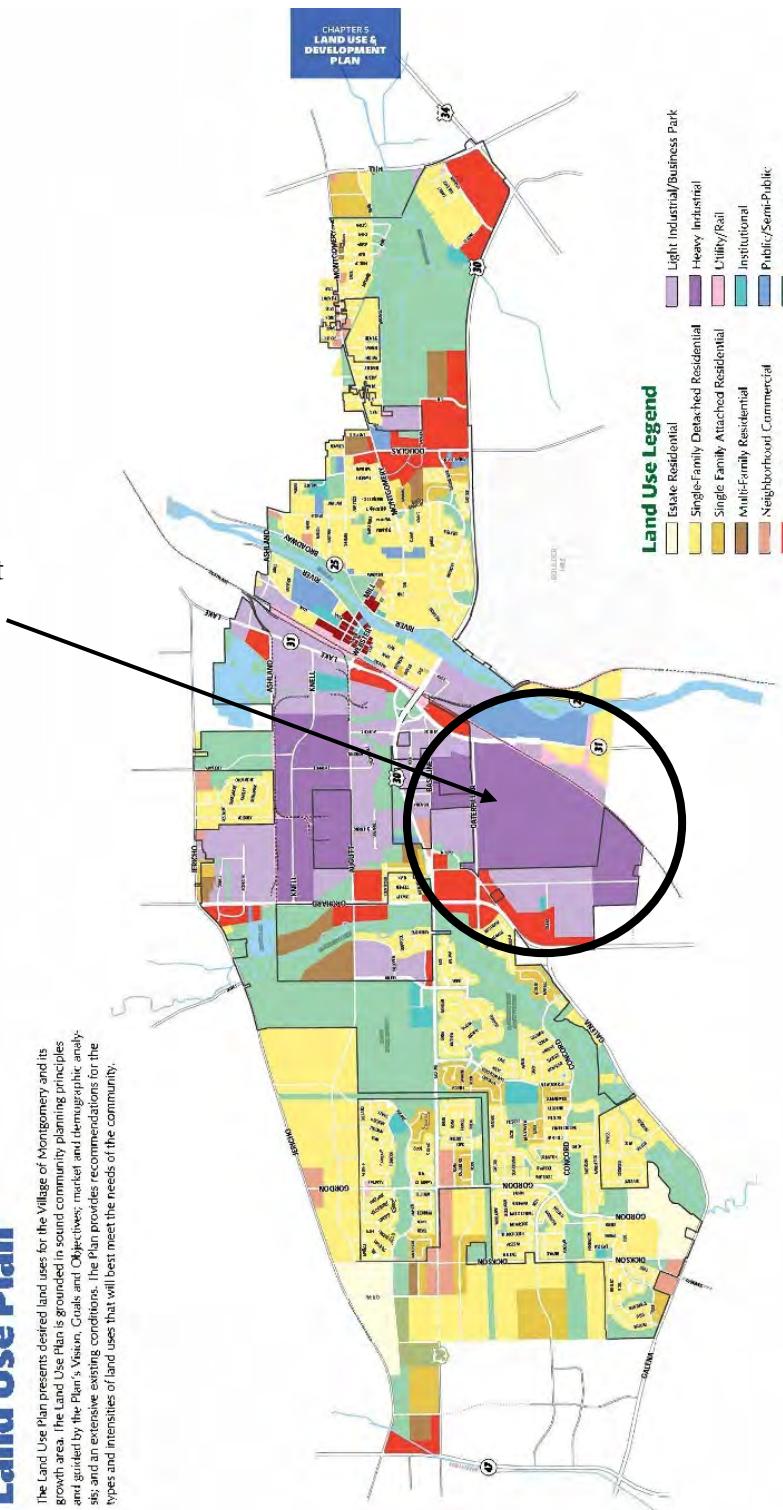
"Work with the MEDC to create and market competitive "packages" of incentives, grants, infrastructure investments, and credits to prospective businesses." (page 35)

The Comprehensive Plan designates the unincorporated Caterpillar facility as "heavy industrial" on the Future Land Use Map. (page 43)

Redevelopment Project Area

Land Use Plan

The Land Use Plan presents desired land uses for the Village of Montgomery and its Growth area. The Land Use Plan is grounded in sound community planning principles and guided by the Plan's Vision, Goals and Objectives; market and demographic analysis; and an extensive existing conditions. The Plan provides recommendations for the types and intensities of land uses that will best meet the needs of the community.



43

Village of Montgomery 2035 Comprehensive Plan

FIGURE D – FUTURE LAND USE

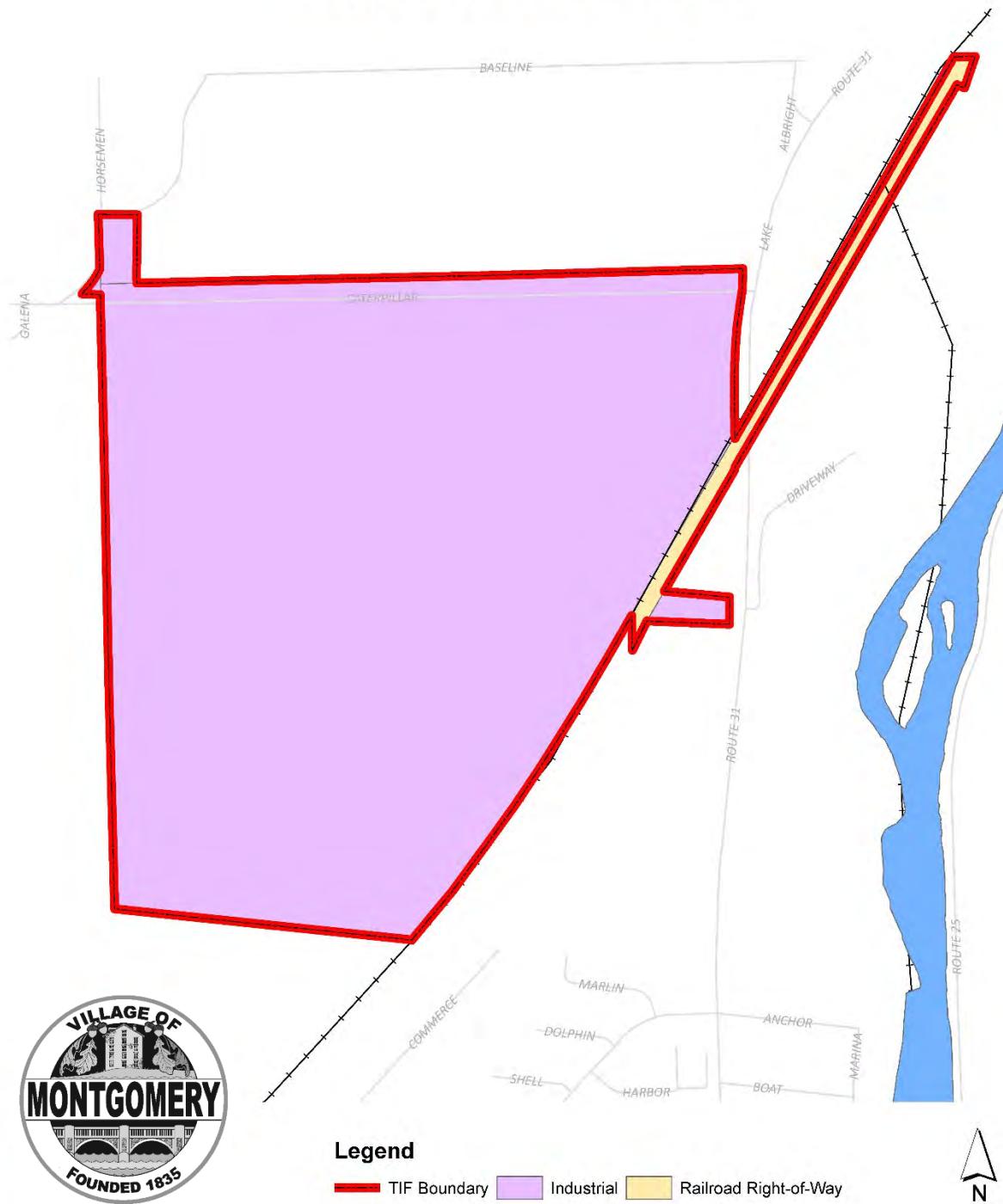
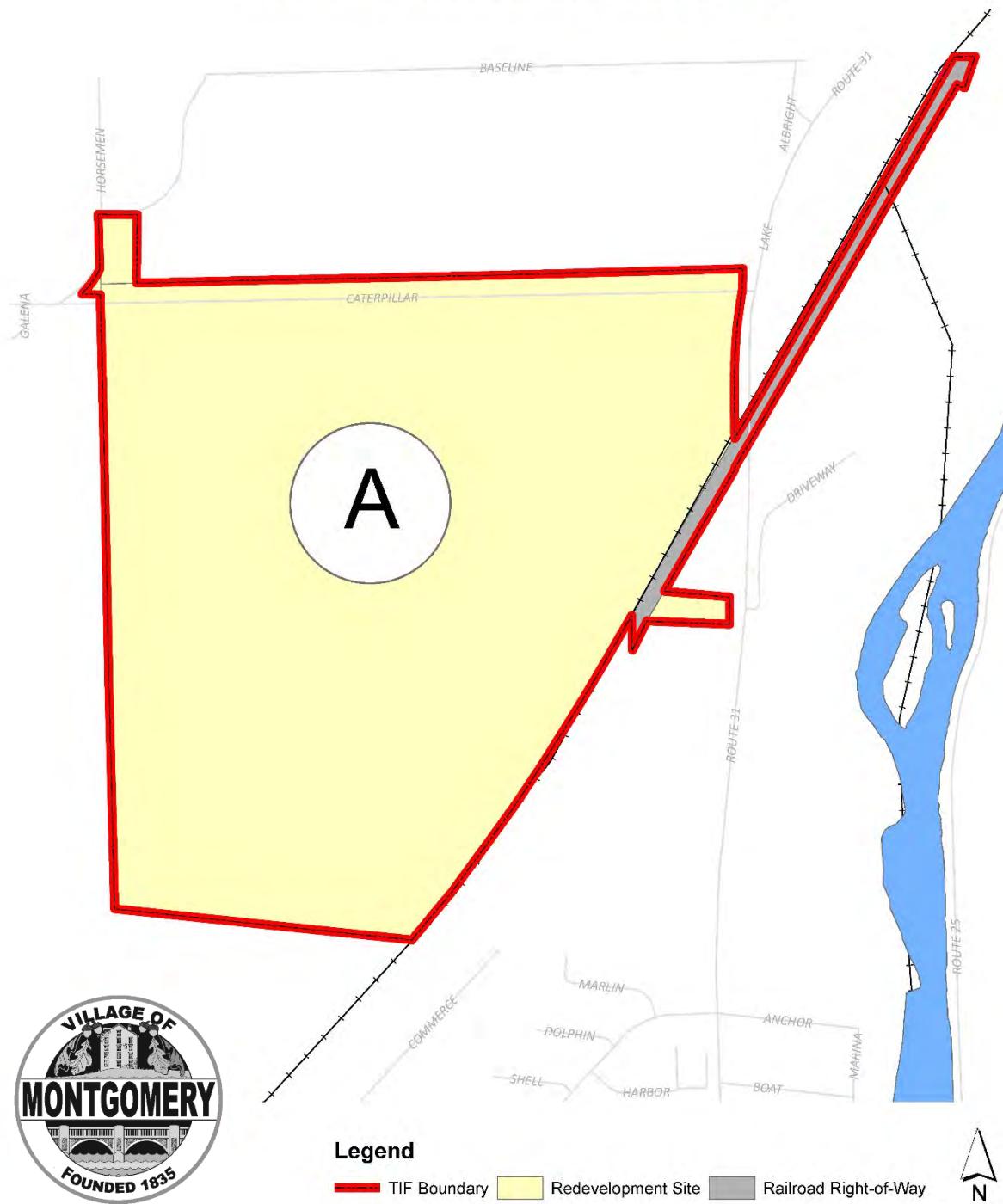


FIGURE E – REDEVELOPMENT SITES



Future Land Use Plan

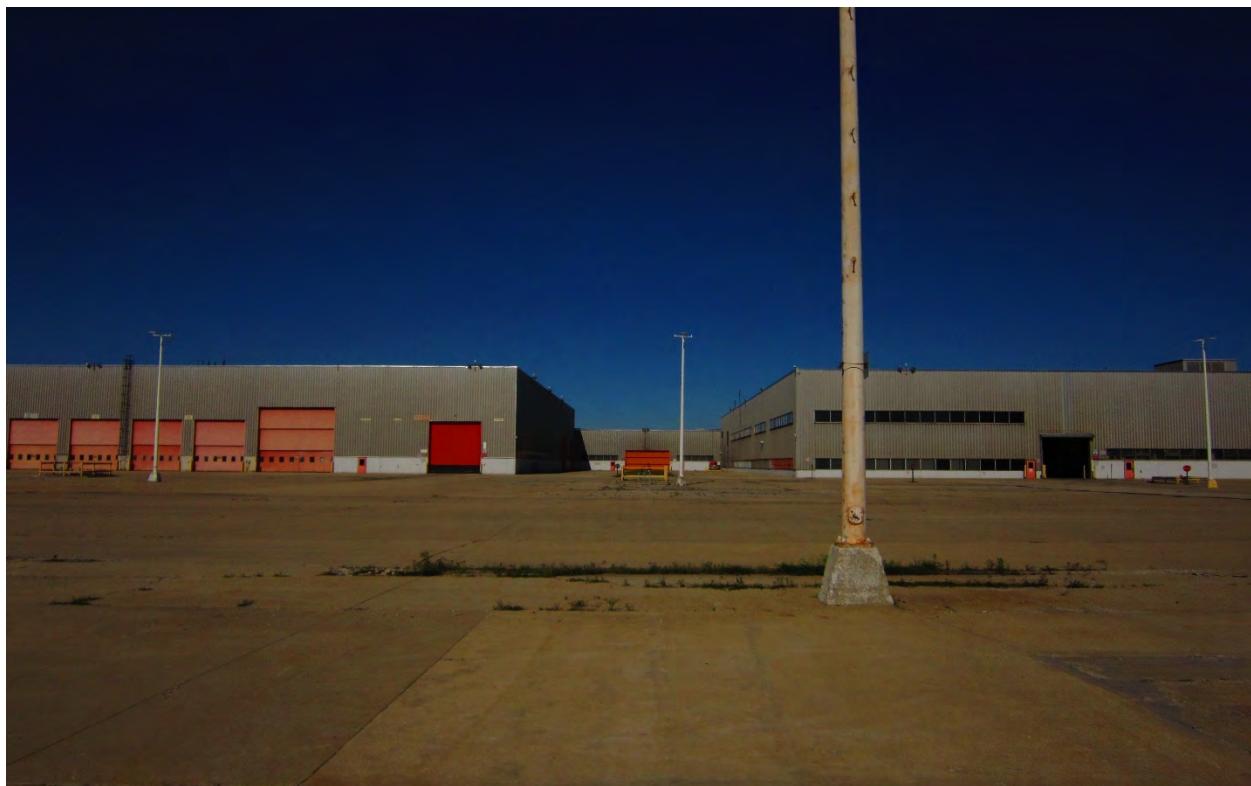
The recommended land uses, redevelopment opportunities, and public improvements of this Redevelopment Plan are based upon the guidelines and development opportunities presented in the Village of Montgomery Comprehensive Plan.

The intent of the Future Land Use Plan is to provide a long-range guide for determining the uses to which the land should eventually be put, and to direct subsequent zoning decisions as redevelopment occurs within the Project Area. The designation of an existing use as a redevelopment site is not intended to suggest any immediate requirement for redevelopment. Rather, these sites are identified as a way of planning for their future redevelopment only if and when a property owner pursues a development project, or an existing business or resident vacates a property.

The Future Land Use Plan (Figure D) shows anticipated land uses at completion of project activities. The former Caterpillar site is anticipated to be rehabilitated/redeveloped as industrial. General land use descriptions are as follows:

Industrial

The industrial category includes light and heavy industrial uses as permitted or special uses in the Village of Montgomery Unified Development Ordinance. Ancillary uses to the primary industrial use, including parking and open space, is also permitted.



Redevelopment Opportunity Sites

The entire Project Area (excluding the railroad right-of-way) is a redevelopment opportunity site, as identified in (Figure E - Redevelopment Sites). Recommendations for this site, including land uses, design guidelines, and conceptual site designs, are derived from the Village's Comprehensive Plan, and discussions with Village staff and the property owner.

Table 3 indicates the potential future opportunity sites, existing land uses, and potential future land uses. Although the first use is shown on the Future Land Use Plan described in the previous section, any land use described in Table 3 is appropriate and within the intent of this Redevelopment Plan.

The Redevelopment Plan shall serve as a guideline for the Project Area but is not intended to establish specific requirements. Adjustments may be made in response to market conditions and other key factors as long as they remain faithful to the Village's overall goals and objectives for the Project Area, and for the Route 31 corridor in general. Therefore, this Redevelopment Plan is consistent with the Village's Comprehensive Plan and is intended to be a key vehicle for implementing that plan.

<i>Table 3: Redevelopment Opportunity Sites</i>			
Site	Approx. Area (Acres)	Existing Land Use	Future Land Use
A	350	Industrial	Industrial
Total	350		

The Village may determine that other redevelopment opportunities, where consistent with the land use designations on the Future Land Use Plan, are within the intent of this Redevelopment Plan.

As indicated by Figure E, the Project Area parcels are planned for industrial uses. In addition to these opportunity sites, the Redevelopment Plan also anticipates activities may be undertaken by the public sector, which are identified in the Public Improvements section of this report. All of these future redevelopment opportunities and public improvements should be conducted with the guidance of the Village's Comprehensive Plan.

Undertaking these redevelopment activities will generate increased tax revenues, encourage ancillary commercial opportunities, upgrade public improvements such as roadways, parking areas, sidewalks, etc., and provide a stimulus for additional development in surrounding areas. Through these improvements, the character and economic viability of the Route 31 corridor will be improved over time.

Eligible Project Costs

Redevelopment project costs mean and include the sum total of all reasonable or necessary costs incurred or estimated to be incurred, and any such costs incidental to the Redevelopment Plan and Program. As provided by the Act, other eligible project costs may include, without limitation, the following:

- < Costs of studies, surveys, development of plans, and specifications, implementation and administration of the Redevelopment Plan including but not limited to staff and professional service costs for architectural, engineering, legal, financial, planning or other services;
- < The cost of marketing sites within the Project Area to prospective businesses, developers, and investors;
- < Property assembly costs including, but not limited to, acquisition of land and other property, real or personal, or rights or interests therein, demolition of buildings, site preparation and site improvements that serve as an engineered barrier addressing ground level or below ground environmental contamination, including, but not limited to parking lots and other concrete or asphalt barriers, and the clearing and grading of land;
- < Costs of rehabilitation, reconstruction, repair, or remodeling of existing public or private buildings, fixtures, and leasehold improvements; and the cost of replacing an existing public building if pursuant to the implementation of a redevelopment project the existing public building is to be demolished to use the site for private investment or devoted to a different use requiring private investment;
- < Costs of the construction of public works or improvements;
- < Costs of job training and retraining projects, including the cost of "welfare to work" programs implemented by businesses located within the Project Area, and costs of advanced vocational education or career education, including but not limited to courses in occupational, semi-technical or technical fields leading directly to employment, incurred by one or more taxing districts, as provided in the Act;
- < Financing costs, including but not limited to, all necessary and incidental expenses related to the issuance of obligations and which may include payment of interest on any obligations issued under the Act accruing during the estimated period of construction of any redevelopment project for which such obligations are issued, and not exceeding 36 months thereafter and including reasonable reserves related thereto;
- < To the extent the Village by written agreement accepts and approves the same, all or a portion of a taxing district's capital costs resulting from the Redevelopment Project necessarily incurred or to be incurred within a taxing district in furtherance of the objectives of the Redevelopment Plan;

- < To the extent the Village by written agreement accepts and approves the same, an elementary, secondary, or unit school district's increased costs attributable to assisted housing units as provided in the Act;
- < Relocation costs to the extent that the Village determines that relocation costs shall be paid or is required to make payment of relocation costs by Federal or State law;
- < Interest cost incurred by a redeveloper related to the construction, renovation or rehabilitation of a redevelopment project, as provided by the Act.

Public Improvements

The Village of Montgomery may provide public improvements in the Project Area to stimulate development and redevelopment in a manner consistent with this Redevelopment Plan. Some public improvements may be provided in partnership with the Illinois Department of Transportation, or other governmental agencies as applicable. Public improvements may include, but are not limited to, the following:

- < Vacation, removal, resurfacing, widening, reconstruction, and other improvements to rights-of-way, streets, alleys, bridges, pedestrian ways, and pathways.
- < Improvement of public utilities such as sewer and water lines, electric lines, sidewalks, curbs and gutters, storm water detention facilities. Such improvement may include relocation and/or burial of existing overhead lines.
- < Beautification and safety improvements, including streetscape improvements, lighting, etc.

Public improvement activities which are planned as part of this Redevelopment Plan are based upon recommendations contained in the Comprehensive Plan and through meetings and conversations with the Village staff. A summary of recommended public improvements includes the following:

1. Galena Road improvements/connection
2. Bicycle path/trail connections
3. Water line connection
4. Private utilities (interior roadways, water and electric connections, etc.)

The costs associated with the public improvements described in this Redevelopment Plan may be shared by the Village of Montgomery, other governmental agencies, and individual developers and property owners, pursuant to an agreement between the parties. The Village may determine in the future that certain listed improvements are no longer needed or appropriate and may remove them from the list or may add new improvements to the list which are consistent with the objectives of this Redevelopment Plan. Such additions shall not require plan amendment provided they are for eligible public improvements and will not require an increase to the total estimated project costs in Table 4.

Phasing of Project

Redevelopment projects anticipated in this Plan may commence immediately. Most of the development and redevelopment projects are anticipated to be completed within twenty-three (23) years. Facade improvements, building rehabilitations, and other activities on individual properties will be encouraged throughout the life of the TIF. The Village may undertake additional public improvements or development projects as appropriate throughout the life of the Redevelopment Plan and Program.



Estimated Project Costs

Estimated public project costs are listed in Table 4. These costs are based on 2020 dollars and are therefore subject to inflation. Increases in estimated Total Redevelopment Project Costs of more than five percent (5%), after adjustment for inflation from the date of the Redevelopment Plan adoption, are subject to amendment procedures as provided under the Act.

Table 4: Estimated Redevelopment Project Costs

Category	Cost
Property Assembly including Acquisition, Site Preparation and Demolition, Environmental Remediation	\$2,500,000
Environmental, market and planning studies, surveys, development of engineering and architectural plans, specifications, implementation and administration fees	\$6,500,000
Rehabilitation, reconstruction, repair, or remodeling of existing public or private buildings and fixtures	\$22,500,000
Construction or improvement of public improvements ⁽¹⁾	\$11,500,000
Job training/retraining and relocation costs	\$500,000
Developer Interest Costs, taxing districts eligible reimbursement and capital costs	\$500,000
Total Estimated Project Costs⁽²⁾⁽³⁾	\$44,000,000

(1) *Public improvements may also include capital costs of taxing districts and other costs allowable under the Act. Specifically, public improvements as identified in the Redevelopment Plan and as allowable under the Act may be made to property and facilities owned or operated by the Village or other public entities. As provided in the Act, Redevelopment Project Costs may include, to the extent the Village by written agreement accepts and approves the same, all or a portion of a taxing district's capital costs resulting from the redevelopment project necessarily incurred or to be incurred within a taxing district in furtherance of the objectives of the Redevelopment Plan.*

(2) *Actual costs for each category identified above may vary provided that the total estimated project costs may not be exceeded by more than 5%, after adjustment for inflation, without amendment to this Redevelopment Plan.*

(3) *This table does not include costs associated with the issuance of municipal obligations, capitalized interest, reimbursement for a portion of privately issued obligations, financing costs during construction (not to exceed 36 months), or other eligible project costs. Such additional costs may or may not be incurred and cannot be estimated at this time.*

Sources of Funds

The Act provides a way for municipalities to finance public redevelopment costs with incremental real estate tax revenues. Incremental tax revenue is derived from the increase in the current equalized assessed valuation (EAV) of real property within the Project Area over and above the certified initial EAV of the real property. Any increase in EAV is then multiplied by the current tax rate, resulting in the tax increment revenue.

Funds necessary to pay redevelopment project costs may be derived from a number of authorized sources. These may include, but are not limited to, the following:

- < Real property tax increment revenues from the Project Area;
- < Tax revenues resulting from the establishment of any Special Service Area districts within the Project Area;
- < Interest earned on temporary investments;
- < Gifts, grants, and contributions;
- < Sale or lease of land proceeds;
- < Transfer from a contiguous redevelopment project area created under the Act.

The principal source of funds to undertake redevelopment activities will be the incremental increase in real property taxes attributable to the increase in the equalized assessed value of each taxable lot, block, tract or parcel of real property in the Project Area over the initial equalized assessed value of each such lot, block, tract or parcel. There may also be other eligible local sources of revenue, such as the sale or lease of Village owned property, that the Village determines are appropriate to allocate to the payment of redevelopment project costs.

The Village may utilize net incremental property taxes received from the Project Area to pay eligible Redevelopment Project Costs, or obligations issued to pay such costs, in other contiguous redevelopment project areas, or those obligations issued to pay such costs, in other contiguous redevelopment project areas, or those separated only by a public right-of-way, and vice versa. The amount of revenue from the Project Area, made available to support such contiguous redevelopment project areas, or those separated only by a public right-of-way, when added to all amounts used to pay eligible Redevelopment Project Costs with the Project Area, shall not at any time exceed the total Redevelopment Project Costs described in the Plan.

Nature and Term of Obligations to be Issued

The financial plan of this Redevelopment Plan is intended to establish a conservative public expenditure approach. Revenues will be accumulated in the special tax allocation fund to pay for public purpose expenditures identified in this Redevelopment Plan, and whenever practical, expenditures will be made on a cash basis. This method of financing shall not preclude the Village from undertaking initiatives designed to stimulate appropriate private investment within the Project Area.

Certain redevelopment projects may be of such a scale or on such a time-table as to preclude financing on a cash basis. These projects may be funded by the use of tax increment revenue obligations issued pursuant to the Act for a term not to exceed twenty (20) years. Consistent with the conservative nature of the financial plan for this Redevelopment Program, the highest priority for the issuance of tax increment revenue obligations shall occur when the commitment is in place for private sector investment necessary to fund the amortization of such obligations.

All obligations are to be covered after issuance by projected and actual tax increment revenues and by such debt service reserved and sinking funds as may be provided by ordinance. Revenues not required for the retirement of obligations providing for reserves, sinking funds, and anticipated redevelopment project costs may be declared surplus and become available for distribution annually to the taxing districts within the Project Area.

One or more issues of obligations may be sold at one or more times in order to implement this plan, as now or hereafter amended, in accordance with law.

Initial Equalized Assessed Valuation

Table 5 lists the equalized assessed valuation of properties in the Project Area. The total 2020 equalized assessed valuation of the Project Area is **\$10,235,371**.

Table 5: Project Area Equalized Assessed Valuation (2020)

PIN	VALUE
02-01-200-004	\$4,683
03-05-301-004	\$11,587
03-06-100-007	\$8,027
03-06-200-012	\$10,211,074
03-05-501-002	\$0
TOTAL	\$10,235,371

Anticipated Equalized Assessed Valuation

Upon the completion of anticipated redevelopment projects, it is estimated that the equalized assessed valuation of real property within the Project Area will be approximately **\$35 million**. This figure is based upon estimates of value for the anticipated rehabilitation and redevelopment projects described in this report.

Payment in Lieu of Taxes

No payments in lieu of taxes are anticipated as part of the Redevelopment Plan and Program.

Provision for Amending the Redevelopment Plan and Program

The Redevelopment Plan and Program may be amended pursuant to provisions of the Act.



FINANCIAL IMPACT OF REDEVELOPMENT

Without the adoption of the Redevelopment Plan and Program, development and redevelopment projects within the Project Area are not reasonably expected to be undertaken by private enterprise. In the absence of Village-sponsored redevelopment, there is a prospect that blighting factors will continue to exist and spread, and the Project Area on the whole, as well as adjacent properties, will become less attractive for the maintenance and improvement of existing buildings and sites. Erosion of the assessed valuation of property in the Project Area has already occurred and could lead to further reductions of real estate tax revenue to all taxing districts.

Implementation of the Redevelopment Plan and Program is expected to have significant short and long term positive financial impacts on the taxing districts affected by this Redevelopment Plan. In the short term, the Village's effective use of tax increment financing can be expected to arrest the ongoing decline of existing assessed values in the Project Area, thereby stabilizing the existing tax base for local taxing agencies. In the long term, after the completion of all redevelopment improvements and activities, and the payment of all redevelopment project costs and municipal obligations, the taxing districts will benefit from the enhanced tax base which results from the increase in equalized assessed valuation caused by the Redevelopment Plan and Program.

The following taxing districts cover the proposed Project Area:

1. Kendall County
2. Kendall County Forest Preserve
3. Oswego Township
4. Oswego Fire Protection
5. Oswego Park District
6. Oswego Library District
7. School District #308
8. Junior College District #516
9. Fox Metro Water Reclamation District

This Redevelopment Plan contemplates redevelopment of specific opportunity sites primarily with industrial uses. Given the small size of the study area (one industrial facility covering roughly 360 acres), impact on individual taxing districts and taxing districts in general, will be limited but also dependent on the specific nature of any future (re)developments.

Impact on Kendall County

Kendall County provides a variety of services, including the County Court system, health services and maintenance of open space and recreational activities. The replacement of underutilized property within the County with new development and redevelopment that is annexed into the Village of Montgomery will lessen the demand for the services and programs provided by the County. Due to the small size of the Project Area in relation to the County at large, services provided to County residents will not be affected, and the impact is anticipated to be minimal. Therefore, no specific program is set forth in this Redevelopment Plan.

Impact on Kendall County Forest Preserve

The Kendall County Forest Preserve District manages natural areas, open spaces, and provides educational and recreational opportunities for residents of Kendall County. The replacement of underutilized industrial property with new industrial development and redevelopment should have no impact on demand for the services and programs provided by the forest preserve. Therefore, no specific program is set forth in this Redevelopment Plan.

Impact on Oswego Township

Oswego Township provides a variety of services, including the Township Assessor and road maintenance. The replacement of underutilized industrial property with new development and redevelopment should have no impact on the demand for the services and programs provided by the Township. No Township roads are included within the Project Area. Due to the small size of the Project Area in relation to the Township at large, services provided to residents will not be affected, and any impact is anticipated to be minimal. Therefore, no specific program is set forth in this Redevelopment Plan.

Impact on Oswego Fire Protection

The Oswego Fire Protection District serves Oswego and parts of Montgomery, Plainfield and Yorkville. The fire district served the previous Caterpillar facility, and the rehabilitation and reuse of the site should not increase demand on the district. The replacement of underutilized property with new industrial development and redevelopment may cause a minimal increased demand for the services and programs provided by the fire district as a result of breaking up the facility into smaller individual users. However, any impact is anticipated to be minimal. Therefore, no specific program is set forth in this Redevelopment Plan.

Impact on Oswegoland Park District

The Oswegoland Park District provides maintains parks and provides services to the residents of Oswego, Montgomery, Aurora, Plainfield and Boulder Hill. The replacement of underutilized industrial property with new industrial development and redevelopment will have no impact on the demand for the services and programs provided by the park district. Therefore, no specific program is set forth in this Redevelopment Plan.

Impact on Oswego Library District

The Oswego Library District has facilities in both Oswego and Montgomery. The replacement of underutilized industrial property with new industrial development and redevelopment will have no impact on demand for the services and programs provided by the library district. Therefore, no specific program is set forth in this Redevelopment Plan. In addition, the Act defines a clear formula for repayment of fees to the district for any documented increased demand for services directly generated by TIF supported projects. Therefore, no specific program is set forth in this Redevelopment Plan.

Impact on School District #308

Community Unit School District #308 provides elementary through high school services to the residents of Aurora, Joliet, Montgomery, Oswego, Plainfield and Yorkville. The replacement of underutilized industrial property with new development and redevelopment should have no impact on the demand for the services and programs provided by the school district, aside from potential programs such as training programs to serve new businesses and educational services for new employees in which training the Act provides for reimbursement of costs incurred by the district to provide such training. However, any impact is anticipated to be minimal given the industrial nature of anticipated future development, and the small size of the Project Area in comparison to the size of the district. Therefore, no specific program is set forth in this Redevelopment Plan.

Impact on Junior College District #516

Waubonsee Community College has campuses in Sugar Grove, Aurora, and Plano. The college offers educational and community programs for residents of the district. The replacement of underutilized industrial property with new industrial development and redevelopment may cause a small increase to demand for the services and programs provided by the college, including training programs to serve new businesses and educational services for new employees in which training the Act provides for reimbursement of costs incurred by the district to provide such training. However, any impact is anticipated to be minimal given the industrial nature of anticipated future development, and the small size of the Project Area in comparison to the size of the district. Therefore, no specific program is set forth in this Redevelopment Plan.

Impact on Fox Metro Water Reclamation District

The Fox Metro Water Reclamation District is a public utility responsible for the conveyance and treatment of wastewater in the region. The replacement of underutilized industrial property with new development and redevelopment should have no impact on demand for the services and programs provided by the district. Therefore, no specific program is set forth in this Redevelopment Plan.

FINDINGS OF NEED FOR TAX INCREMENT FINANCING

Based on the findings of this Redevelopment Plan and Program, the Village President and the Village Board of Montgomery, Illinois, adopt the following findings pursuant to **Section 11-74.4-3(n)** of the Act.

Project Area Not Subject to Growth

The Project Area on the whole has not been subject to growth and development through investment by private enterprise and would not reasonably be anticipated to be developed without adoption of this Redevelopment Plan. Substantial evidence supports this conclusion.

First, the Village finds that the Project Area on the whole has not been subject to growth and redevelopment through investment by private enterprise, based on the following evidence as outlined in the Eligibility Findings Report in Appendix A:

1. Obsolescence;
2. Deterioration;
3. Excessive Vacancies;
4. Lack of Planning; and
5. Decline in EAV.

Secondly, the Village finds that the Project Area would not reasonably be anticipated to be developed without adoption of this Redevelopment Plan. This conclusion is based upon the findings of this report and the Village of Montgomery Comprehensive Plan:

1. Extraordinary rehabilitation and upgrade of existing industrial facility to meet current industrial standards;
2. Proposed redevelopment sites indicate a financial gap without public resources, grants or other incentives to promote redevelopment;
3. The need for public – private partnerships to support future redevelopment; and
4. The need for future infrastructure improvements to support proposed development.

Therefore, the Village of Montgomery finds that the Project Area is not subject to appropriate growth and development and is not anticipated to be developed without adoption of this Redevelopment Plan.

Conformance with Comprehensive Plan

This Redevelopment Plan conforms to and is based upon the recommendations of the Village of Montgomery Comprehensive Plan, including the goals and objectives therein, as well as future land uses and anticipated redevelopment activities.

Date of Completion

The Redevelopment Project shall be completed, and all obligations issued to finance redevelopment costs shall be retired, no later than December 31 of the year in which the payment to the municipal treasurer as provided in the Act is to be made with respect to ad valorem taxes levied in the twenty-third (23rd) calendar year following the year in which the ordinance approving this Project Area is adopted, or December 31, 2045.



**CATERPILLAR DRIVE
TAX INCREMENT REDEVELOPMENT PROJECT AREA
ELIGIBILITY REPORT**



FINAL PLAN
January 2022

Prepared by:
Teska Associates, Inc.



Table of Contents

Introduction	2
Tax Increment Financing	3
Description of the Project Area	10
Project Area Classification	12
Eligibility Findings.....	14
Summary Findings.....	26

EXHIBITS

1. Project Area Boundary.....	11
2. Vacant Land & Age of Buildings	13
3. Deterioration of Buildings & Site Improvements.....	20
4. Excessive Vacancies	22

INTRODUCTION

In order to encourage redevelopment, the Village of Montgomery (the “Village”) is investigating the creation of a Tax Increment Financing (“TIF”) Redevelopment Project Area (the “Project Area”) for property located primarily on Caterpillar Drive. The Project Area is located in unincorporated Kendall County and is the location of a previous Caterpillar facility which is currently vacant. The Act requires that all parcels located in a redevelopment project area are to be located within the Village Boundary, and so these parcels will need to be annexed into the Village of Montgomery prior to designation as a TIF district.



The purpose of this Eligibility Report is to document the eligibility criteria as required by the Tax Increment Allocation Redevelopment Act (65 ILCS 5/11 - 74.4 - 1, et seq.) as amended (the “Act”). The following analysis documents the presence of eligibility criteria necessary for designation as a TIF District, as required in the Act.

Tax Increment Financing can be used to make the designated Project Area more attractive for redevelopment by eliminating the conditions which inhibit private investment, weaken the Village’s tax base, affect the safety of community residents, and hinder the Village’s ability to promote cohesive development of compatible land uses as articulated in the Village’s Comprehensive Plan. In accordance with the TIF Act, public improvements may be constructed, and incentives provided to encourage the type of private investment that will allow the Village to achieve its vision and goals.

Establishing the Caterpillar Drive Redevelopment Project Area can help the Village to meet these goals by facilitating physical improvements, removing blighting conditions, and providing funding sources for improvement projects within the Project Area. These improvements will not only help improve the physical conditions and economic development of the Project Area, but also enhance the quality of life of adjacent properties and neighborhoods, and for all residents of the Village of Montgomery as a whole.

TAX INCREMENT FINANCING

The Act stipulates specific procedures, which must be adhered to in designating a Redevelopment Project Area, as well as amendments thereto. The following terms referenced in this Eligibility Report are defined in the Act as follows:

A “[Redevelopment Project Area](#)” is defined as:

“...an area designated by the municipality, which is not less in the aggregate than 1 ½ acres and in respect to which the municipality has made a finding that there exist conditions which cause the area to be classified as an industrial park conservation area, or a blighted area or a conservation area, or a combination of both blighted areas and conservation areas.”

A “[Blighted Area](#)” is defined as:

“...any improved or vacant area within the boundaries of a redevelopment project area located within the territorial limits of the municipality where:

1. *If improved, industrial, commercial, and residential buildings or improvements are detrimental to the public safety, health, or welfare because of a combination of 5 or more of the following factors, each of which is (i) present, with that presence documented, to a meaningful extent so that a municipality may reasonably find that the factor is clearly present within the intent of the Act and (ii) reasonable distributed throughout the improved part of the redevelopment project area:*
 - A. *Dilapidation. An advanced state of disrepair or neglect of necessary repairs to the primary structural components of buildings or improvements in such a combination that a documented building condition analysis determines that major repair is required or the defects are so serious and so extensive that the buildings must be removed.*
 - B. *Obsolescence. The condition or process of falling into disuse. Structures have become ill-suited for the original use.*
 - C. *Deterioration. With respect to buildings, defects including, but not limited to, major defects in the secondary building components such as doors, windows, porches, gutters and downspouts, and fascia. With respect to surface improvements, that the condition of roadways, alleys, curbs, gutters, sidewalks, off-street parking, and surface storage areas evidence deterioration, including, but not limited to, surface cracking, crumbling, potholes, depressions, loose paving material, and weeds protruding through paved surfaces.*
 - D. *Presence of structures below minimum code standards. All structures that do not meet the standards of zoning, subdivision, building, fire, and other governmental codes applicable to property, but not including housing and property maintenance codes.*
 - E. *Illegal use of individual structures. The use of structures in violation of applicable federal, State, or local laws, exclusive of those applicable to the presence of structures below minimum code standards.*
 - F. *Excessive vacancies. The presence of buildings that are unoccupied or under-utilized and that represent an adverse influence on the area because of the frequency, extent, or duration of the vacancies.*
 - G. *Lack of ventilation, light, or sanitary facilities. The absence of adequate ventilation for light or air circulation in spaces or rooms without windows, or that require the removal of dust, odor, gas, smoke, or other noxious airborne materials. Inadequate natural light and ventilation means the absence of skylights or windows for interior spaces or rooms and improper window sizes and*

amounts by room area to window area ratios. Inadequate sanitary facilities refers to the absence or inadequacy of garbage storage and enclosure, bathroom facilities, hot water and kitchens, and structural inadequacies preventing ingress and egress to and from all rooms and units within a building.

- H. Inadequate utilities. Underground and overhead utilities such as storm sewers and storm drainage, sanitary sewers, water lines, and gas, telephone, and electrical services that are shown to be inadequate. Inadequate utilities are those that are: (i) of insufficient capacity to serve the uses in the redevelopment project area, (ii) deteriorated, antiquated, obsolete, or in disrepair, or (iii) lacking within the redevelopment project area.
- I. Excessive land coverage and overcrowding of structures and community facilities. The over-intensive use of property and the crowding of buildings and accessory facilities onto a site. Examples of problem conditions warranting the designation of an area as one exhibiting excessive land coverage are: (i) the presence of buildings either improperly situated on parcels or located on parcels of inadequate size and shape in relation to present-day standards of development for health and safety and (ii) the presence of multiple buildings on a single parcel. For there to be a finding of excessive land coverage, these parcels must exhibit one or more of the following conditions: insufficient provision for light and air within or around buildings, increased threat of spread of fire due to the close proximity of buildings, lack of adequate or proper access to a public right-of-way, lack of reasonably required off-street parking, or inadequate provision for loading and service.
- J. Deleterious land use or layout. The existence of incompatible land-use relationships, buildings occupied by inappropriate mixed-uses, or uses considered to be noxious, offensive, or unsuitable for the surrounding area.
- K. Environmental clean-up. The proposed redevelopment project area has incurred Illinois Environmental Protection Agency or United States Environmental Protection Agency remediation costs for, or a study conducted by an independent consultant recognized as having expertise in environmental remediation has determined a need for, the clean-up of hazardous waste, hazardous substances, or underground storage tanks required by State or federal law, provided that the remediation costs constitute a material impediment to the development or redevelopment of the redevelopment project area.
- L. Lack of community planning. The proposed redevelopment project area was developed prior to or without the benefit or guidance of a community plan. This means that the development occurred prior to the adoption by the municipality of a comprehensive or other community plan or that the plan was not followed at the time of the area's development. This factor must be documented by evidence of adverse or incompatible land use relationships, inadequate street layout, improper subdivision, parcels of inadequate shape and size to meet contemporary development standards, or other evidence demonstrating an absence of effective community planning.
- M. The total equalized assessed value of the proposed redevelopment project area has declined for 3 of the last 5 calendar years prior to the year in which the redevelopment project area is designated or is increasing at an annual rate that is less than the balance of the municipality for 3 of the last 5 calendar years for which information is available or is increasing at an annual rate that is less than the Consumer Price Index for All Urban Consumers published by the United States Department of Labor or successor agency for 3 of the last 5 calendar years prior to the year in which the redevelopment project area is designated.

2. If vacant, the sound growth of the redevelopment project area is impaired by a combination of 2 or more of the following factors, each of which is (i) present, with that presence documented, to a meaningful extent so that a municipality may reasonably find that the factor is clearly present within the intent of the Act and (ii) reasonably distributed throughout the vacant part of the redevelopment project area to which it pertains:

- A. *Obsolete platting of vacant land that results in parcels of limited or narrow size or configurations of parcels of irregular size or shape that would be difficult to develop on a planned basis and in a manner compatible with contemporary standards and requirements, or platting that failed to create rights-of-ways for streets or alleys or that created inadequate right-of way widths for streets, alleys, or other public rights-of-way or that omitted easements for public utilities.*
- B. *Diversity of ownership of parcels of vacant land sufficient in number to retard or impede the ability to assemble the land for development.*
- C. *Tax and special assessment delinquencies exist or the property has been the subject of tax sales under the Property Tax Code within the last 5 years.*
- D. *Deterioration of structures or site improvements in neighboring areas adjacent to the vacant land.*
- E. *The area has incurred Illinois Environmental Protection Agency or United States Environmental Protection Agency remediation costs for, or a study conducted by an independent consultant recognized as having expertise in environmental remediation has determined a need for, the clean-up of hazardous waste, hazardous substances, or underground storage tanks required by State or federal law, provided that the remediation costs constitute a material impediment to the development or redevelopment of the redevelopment project area.*
- F. *The total equalized assessed value of the proposed redevelopment project area has declined for 3 of the last 5 calendar years prior to the year in which the redevelopment project area is designated or is increasing at an annual rate that is less than the balance of the municipality for 3 of the last 5 calendar years for which information is available or is increasing at an annual rate that is less than the Consumer Price Index for All Urban Consumers published by the United States Department of Labor or successor agency for 3 of the last 5 calendar years prior to the year in which the redevelopment project area is designated.*

3. *If vacant, the sound growth of the redevelopment project area is impaired by one of the following factors that (i) is present, with that presence documented, to a meaningful extent so that a municipality may reasonably find that the factor is clearly present within the intent of the Act and (ii) is reasonably distributed throughout the vacant part of the redevelopment project area to which it pertains:*

- A. *The area consists of one or more unused quarries, mines, or strip mine ponds.*
- B. *The area consists of unused rail yards, rail tracks, or railroad rights-of-way.*
- C. *The area, prior to its designation, is subject to (i) chronic flooding that adversely impacts on real property in the area as certified by a registered professional engineer or appropriate regulatory agency or (ii) surface water that discharges from all or a part of the area and contributes to flooding within the same watershed, but only if the redevelopment project provides for facilities or improvements to contribute to the alleviation of all or part of the flooding.*
- D. *The area consists of an unused or illegal disposal site containing earth, stone, building debris, or similar materials that were removed from construction, demolition, excavation, or dredge sites. Prior to November 1, 1999, the area is not less than 50 nor more than 100 acres and 75% of which is vacant (notwithstanding that the area has been used for commercial agricultural purposes within 5 years prior to the designation of the redevelopment project area), and the area meets at least one of the factors itemized in paragraph (1) of this subsection, the area has been designated as a town or village center by ordinance or comprehensive plan adopted prior to January 1, 1982, and the area has not been developed for that designated purpose.*
- E. *The area qualified as a blighted improved area immediately prior to becoming vacant, unless there has been substantial private investment in the immediately surrounding area."*

A “Conservation Area” is defined as:

“...any improved area within the boundaries of a redevelopment project area located within the territorial limits of the municipality in which 50% or more of the structures in the area have an age of 35 years or more. Such an area is not yet a blighted area, but because of a combination of 3 or more of the following factors: dilapidation; obsolescence; deterioration; presence of structures below minimum code standards; illegal use of individual structures; excessive vacancies; lack of ventilation, light, or sanitary facilities; inadequate utilities; excessive land coverage and overcrowding of structures and community facilities; deleterious land use or layout; lack of community planning; environmental remediation costs impede development; decline or minimal marginal increase in equalized assessed valuation; is detrimental to the public safety, health, morals, or welfare and such an area may become a blighted area:

- A. *Dilapidation. An advanced state of disrepair or neglect of necessary repairs to the primary structural components of buildings or improvements in such a combination that a documented building condition analysis determines that major repair is required or the defects are so serious and so extensive that the buildings must be removed.*
- B. *Obsolescence. The condition or process of falling into disuse. Structures have become ill-suited for the original use.*
- C. *Deterioration. With respect to buildings, defects including, but not limited to, major defects in the secondary building components such as doors, windows, porches, gutters and downspouts, and fascia. With respect to surface improvements, that the condition of roadways, alleys, curbs, gutters, sidewalks, off-street parking, and surface storage areas evidence deterioration, including, but not limited to, surface cracking, crumbling, potholes, depressions, loose paving material, and weeds protruding through paved surfaces.*
- D. *Presence of structures below minimum code standards. All structures that do not meet the standards of zoning, subdivision, building, fire, and other governmental codes applicable to property, but not including housing and property maintenance codes.*
- E. *Illegal use of individual structures. The use of structures in violation of applicable federal, State, or local laws, exclusive of those applicable to the presence of structures below minimum code standards.*
- F. *Excessive vacancies. The presence of buildings that are unoccupied or under-utilized and that represent an adverse influence on the area because of the frequency, extent, or duration of the vacancies.*
- G. *Lack of ventilation, light, or sanitary facilities. The absence of adequate ventilation for light or air circulation in spaces or rooms without windows, or that require the removal of dust, odor, gas, smoke, or other noxious airborne materials. Inadequate natural light and ventilation means the absence of skylights or windows for interior spaces or rooms and improper window sizes and amounts by room area to window area ratios. Inadequate sanitary facilities refers to the absence or inadequacy of garbage storage and enclosure, bathroom facilities, hot water and kitchens, and structural inadequacies preventing ingress and egress to and from all rooms and units within a building.*
- H. *Inadequate utilities. Underground and overhead utilities such as storm sewers and storm drainage, sanitary sewers, water lines, and gas, telephone, and electrical services that are shown to be inadequate. Inadequate utilities are those that are: (i) of insufficient capacity to serve the uses in the redevelopment project area, (ii) deteriorated, antiquated, obsolete, or in disrepair, or (iii) lacking within the redevelopment project area.*

- I. *Excessive land coverage and overcrowding of structures and community facilities. The over-intensive use of property and the crowding of buildings and accessory facilities onto a site. Examples of problem conditions warranting the designation of an area as one exhibiting excessive land coverage are: (i) the presence of buildings either improperly situated on parcels or located on parcels of inadequate size and shape in relation to present-day standards of development for health and safety and (ii) the presence of multiple buildings on a single parcel. For there to be a finding of excessive land coverage, these parcels must exhibit one or more of the following conditions: insufficient provision for light and air within or around buildings, increased threat of spread of fire due to the close proximity of buildings, lack of adequate or proper access to a public right-of-way, lack of reasonably required off-street parking, or inadequate provision for loading and service.*
- J. *Deleterious land use or layout. The existence of incompatible land-use relationships, buildings occupied by inappropriate mixed-uses, or uses considered to be noxious, offensive, or unsuitable for the surrounding area.*
- K. *Environmental clean-up. The proposed redevelopment project area has incurred Illinois Environmental Protection Agency or United States Environmental Protection Agency remediation costs for, or a study conducted by an independent consultant recognized as having expertise in environmental remediation has determined a need for, the clean-up of hazardous waste, hazardous substances, or underground storage tanks required by State or federal law, provided that the remediation costs constitute a material impediment to the development or redevelopment of the redevelopment project area.*
- L. *Lack of community planning. The proposed redevelopment project area was developed prior to or without the benefit or guidance of a community plan. This means that the development occurred prior to the adoption by the municipality of a comprehensive or other community plan or that the plan was not followed at the time of the area's development. This factor must be documented by evidence of adverse or incompatible land use relationships, inadequate street layout, improper subdivision, parcels of inadequate shape and size to meet contemporary development standards, or other evidence demonstrating an absence of effective community planning.*
- M. *The total equalized assessed value of the proposed redevelopment project area has declined for 3 of the last 5 calendar years prior to the year in which the redevelopment project area is designated or is increasing at an annual rate that is less than the balance of the municipality for 3 of the last 5 calendar years for which information is available or is increasing at an annual rate that is less than the Consumer Price Index for All Urban Consumers published by the United States Department of Labor or successor agency for 3 of the last 5 calendar years prior to the year in which the redevelopment project area is designated."*

This Eligibility Report summarizes the analyses and findings of the Village's planning consultant, Teska Associates, Inc. ("Teska"). Determination of eligibility of the proposed Project Area is based on a comparison of data gathered through field observations by Teska Associates, Inc., document and archival research, and information obtained from the Village of Montgomery and Kendall County, Illinois against the eligibility criteria set forth in the Act.



Teska has prepared this report with the understanding that the Village would rely on:

1. The findings and conclusions of this report in proceeding with the designation of the Project Area as a Redevelopment Project Area under the requirements of the Act; and
2. The fact that Teska has obtained the necessary information to conclude that the Project Area can be designated as a Redevelopment Project Area in compliance with the Act.

The Caterpillar Drive Study Area is eligible for designation as a Tax Increment Financing District based on the predominance and extent of parcels exhibiting the following primary characteristics:

1. Obsolescence
2. Deterioration
3. Excessive Vacancies
4. Lack of planning
5. Decline in Equalized Assessed Value

Each of these factors contributes significantly towards the eligibility of the Project Area as a whole.



Caterpillar Facility

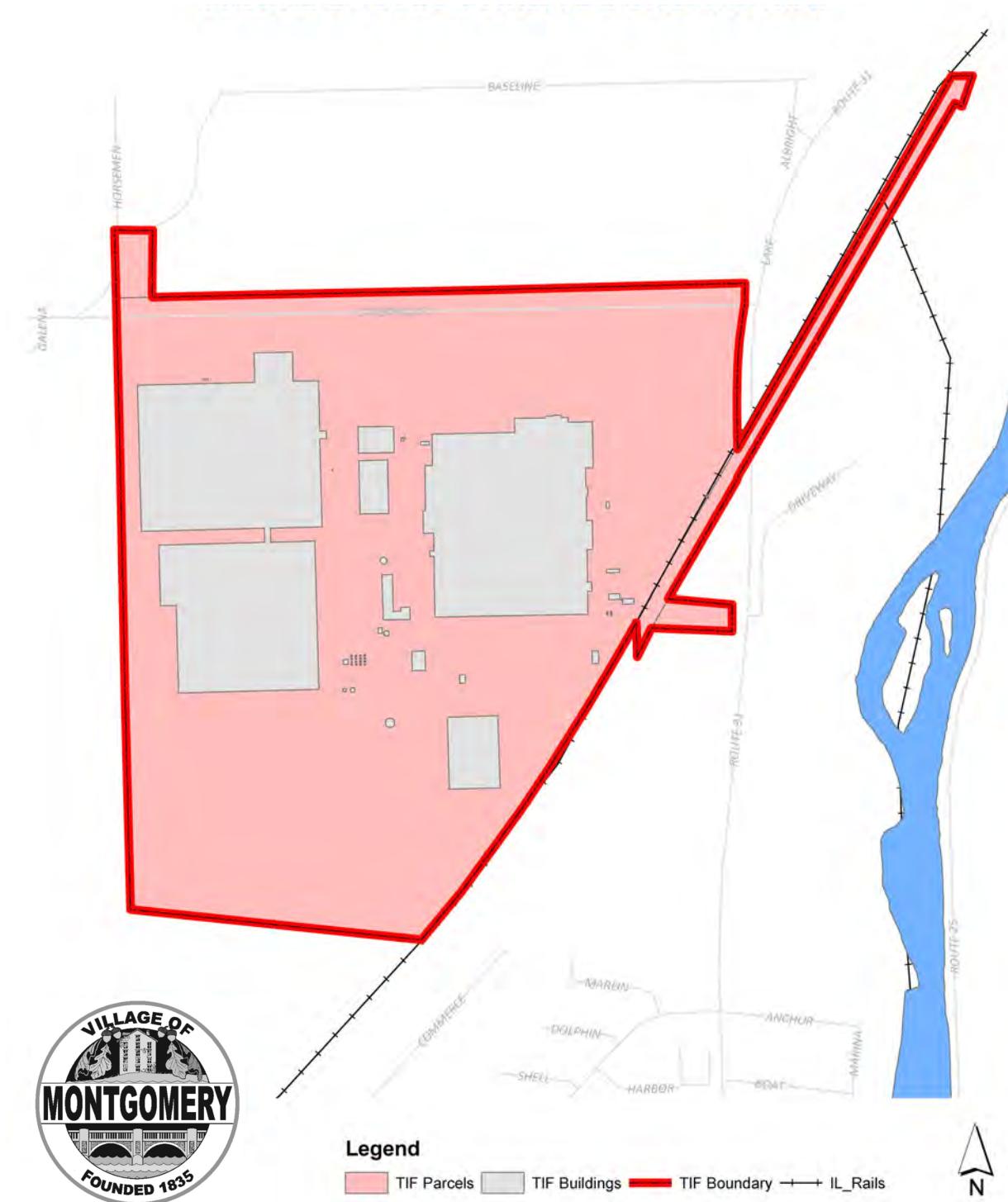
DESCRIPTION OF THE PROJECT AREA

The Project Area generally consists of the vacant Caterpillar facility on Caterpillar Drive. The Project Area contains a total of forty-four (44) structures on five (5) parcels. The total area of the Project Area is approximately three-hundred and sixty (360) acres, more or less. "Exhibit 1" illustrates the exact boundaries of the Project Area.



Aerial Location Map

FIGURE 1 – PROJECT AREA BOUNDARY MAP



PROJECT AREA CLASSIFICATION

Teska conducted a field survey of every property located within the Project Area. Based on an inspection of the exteriors of buildings and grounds, field notes were taken to record the condition for each building and parcel. This survey occurred on [May 11, 2021](#). Photographs further document the observed conditions. Field observations were supplemented with information provided by Village of Montgomery and Kendall County officials.

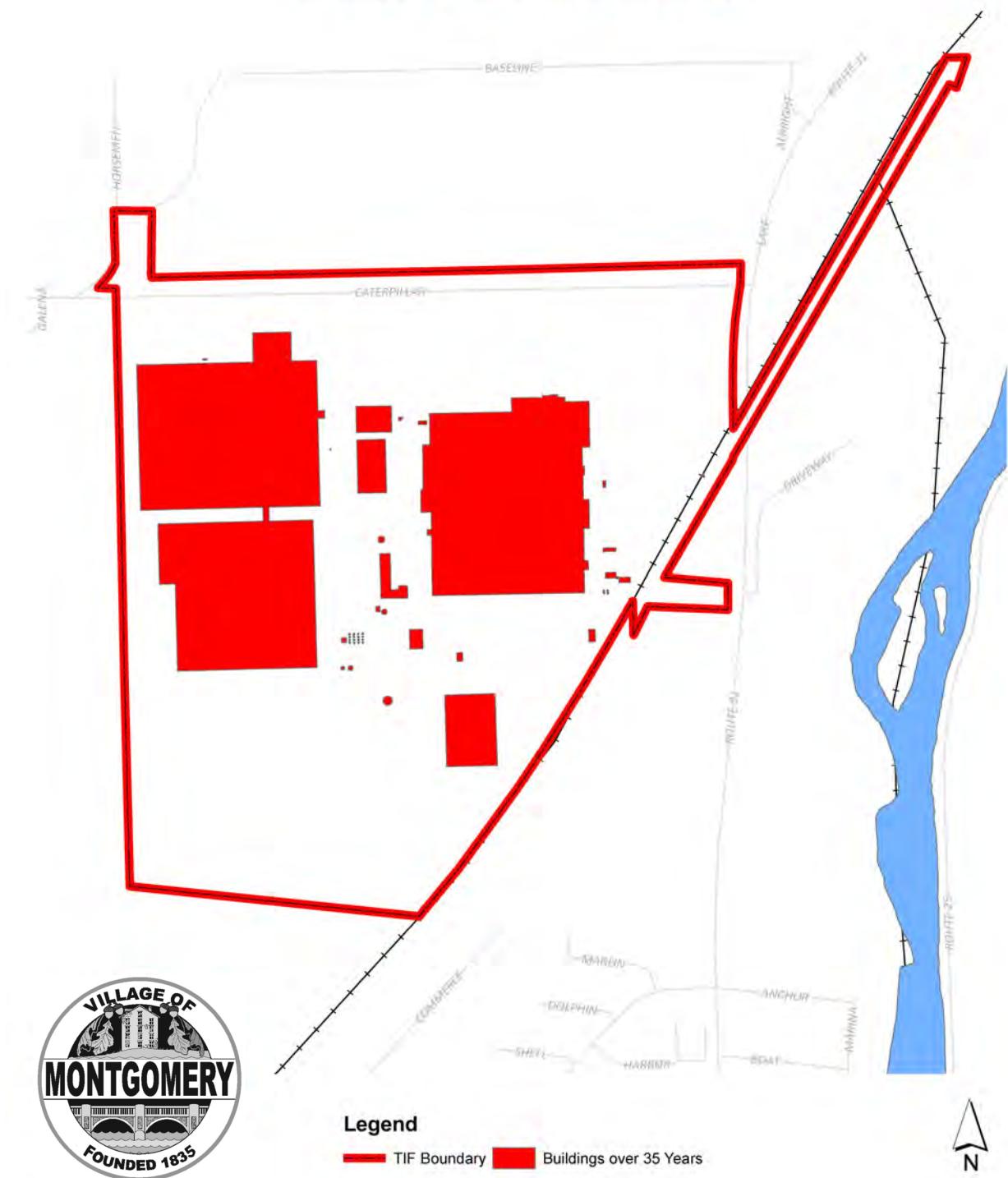
In order to be designated as a 'blighted area,' a combination of at least five (5) blighting factors outlined in the Act must be present to a meaningful extent and reasonably distributed throughout the Project Area. In order to be designated as a 'conservation area,' at least 50% of the structures must be 35 years or more in age and a combination of at least three (3) of the blighting factors must be present. Vacant land is evaluated under separate criteria for unimproved property.

Age of Buildings

Based on field analysis and historical records provided by the Village of Montgomery and Kendall County, the Caterpillar facility was constructed between roughly 1958-1961, and expanded in the mid-1980's. All of the structures in the Project Area (100%) are on the Caterpillar facility site, and all of these structures are in excess of 35 years in age or more. Therefore, the Project Area meets the statutory requirement that at least 50% of the buildings in a 'conservation area' be 35 years of age or older.



FIGURE 2 - AGE OF BUILDINGS



ELIGIBILITY FINDINGS

The Project Area contains the vacant Caterpillar industrial facility consisting of forty-five (45) total structures. All of the structures are over 35 years in age, as shown on Figure 2 – Age of Buildings. The Project Area meets the age qualification for a “conservation area” as defined in the Act. In addition to building age, the presence of three (3) eligibility factors are required for designation as a conservation area and five (5) eligibility factors are required for designation as a blighted area. Relevant eligibility criteria within the Study Area include the following:

Dilapidation. *Dilapidation refers to an advanced state of disrepair or neglect of necessary repairs to the primary structural components of buildings or site improvements in such a combination that a documented building condition analysis determines that major repair is required or the defects are so serious and so extensive that the buildings must be removed.*

Many of the structures in the Study Area are experiencing significant deterioration, however none of the structures exhibit an advanced state of disrepair as to be considered dilapidated. Although there are extensive upgrades required to bring the structures up to modern industrial standards these structures are still structurally sound and intended to be rehabilitated and repurposed for new industrial use. Therefore, dilapidation is not a qualifying factor towards designation of the Project Area as a blighted area.

Obsolescence. *The condition or process of falling into disuse. Structures have become ill-suited for the original use.*

The Caterpillar facility was constructed in roughly 1958-1961 and is currently vacant and does not meet current industrial standards. The facility is being rehabilitated and repaired and upgraded to be leased out for industrial use. The property owner has been unable to secure a single operator for the entire site, the facility is being converted to smaller industrial spaces for individual industrial users within the larger facility. This process requires significant upgrades and reconfiguration of interior facilities, roofs, walls, ceilings, floors, lighting climate control and utilities to accommodate individual industrial users.

The Project Area has fallen into disuse and is ill-suited for conversion into a modern industrial facility. Significant rehabilitation of the existing structures is required to accommodate converting the facility for multiple industrial users. The presence of obsolescence is a significant factor towards designation of the Project Area as a blighted area.



Interior reconfiguration is required to accommodate multiple industrial users. Reconfiguration of walls and ceilings, lighting, bathrooms, climate control, etc. is required.



Exterior circulation, ingress/egress, parking and loading will need to be upgraded and reconfigured to accommodate multiple industrial users.

Deterioration. With respect to buildings, defects including, but not limited to, major defects in the secondary building components such as doors, windows, porches, gutters and downspouts, and fascia. With respect to surface improvements, that the condition of roadways, alleys, curbs, gutters, sidewalks, off-street parking, and surface storage areas evidence deterioration, including, but not limited to, surface cracking, crumbling, potholes, depressions, loose paving material, and weeds protruding through paved surfaces.

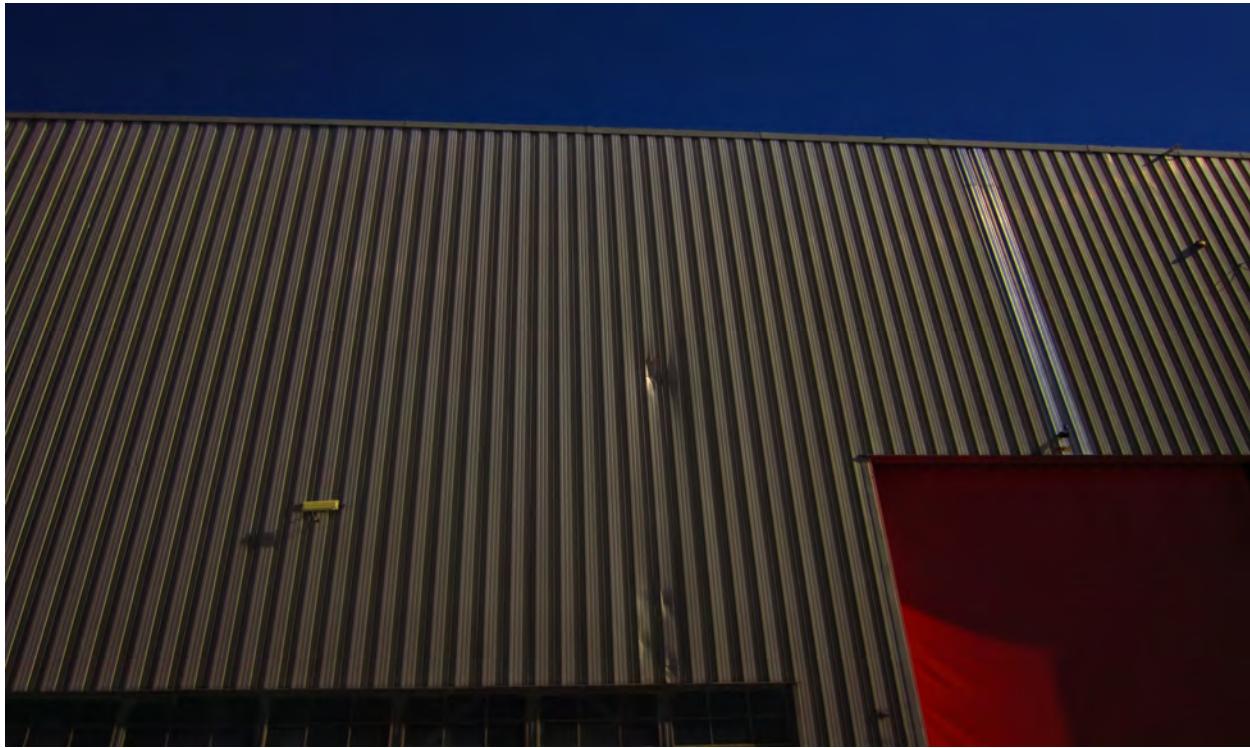
Deterioration of both buildings and structures, and site improvements, is present and widely distributed throughout the Project Area. Although the site is generally well-maintained with regards to property maintenance, the conditions of structures and site improvements is deteriorating steadily. Structures exhibit conditions including cracks in concrete masonry, deteriorating roofs, broken windows and doors, and damage to walls, loading bays, gutters.

Deterioration to site improvements is both significant and widely distributed throughout the Project Area. interior roads and parking areas are significantly deteriorating. Large cracks and potholes are present throughout the site. Crumbling tire-stops and curbs, damaged guardrails, fences and light poles are also present throughout the site. Standing water was also present in multiple areas throughout the site, indicating issues relating to water runoff and detention.

The Project Area exhibits significant evidence of deterioration of both structures and surface improvements, and such deterioration is widely distributed throughout the improved portion of the Project Area. Deterioration of buildings and site improvements is a significant factor towards designation of the Project Area as a blighted area.



Example of cracks in building walls.



Example of damage to building siding.



Example of damage to loading bay doors, and broken windows.



Example of deteriorating parking areas.



Example of deteriorating parking areas.

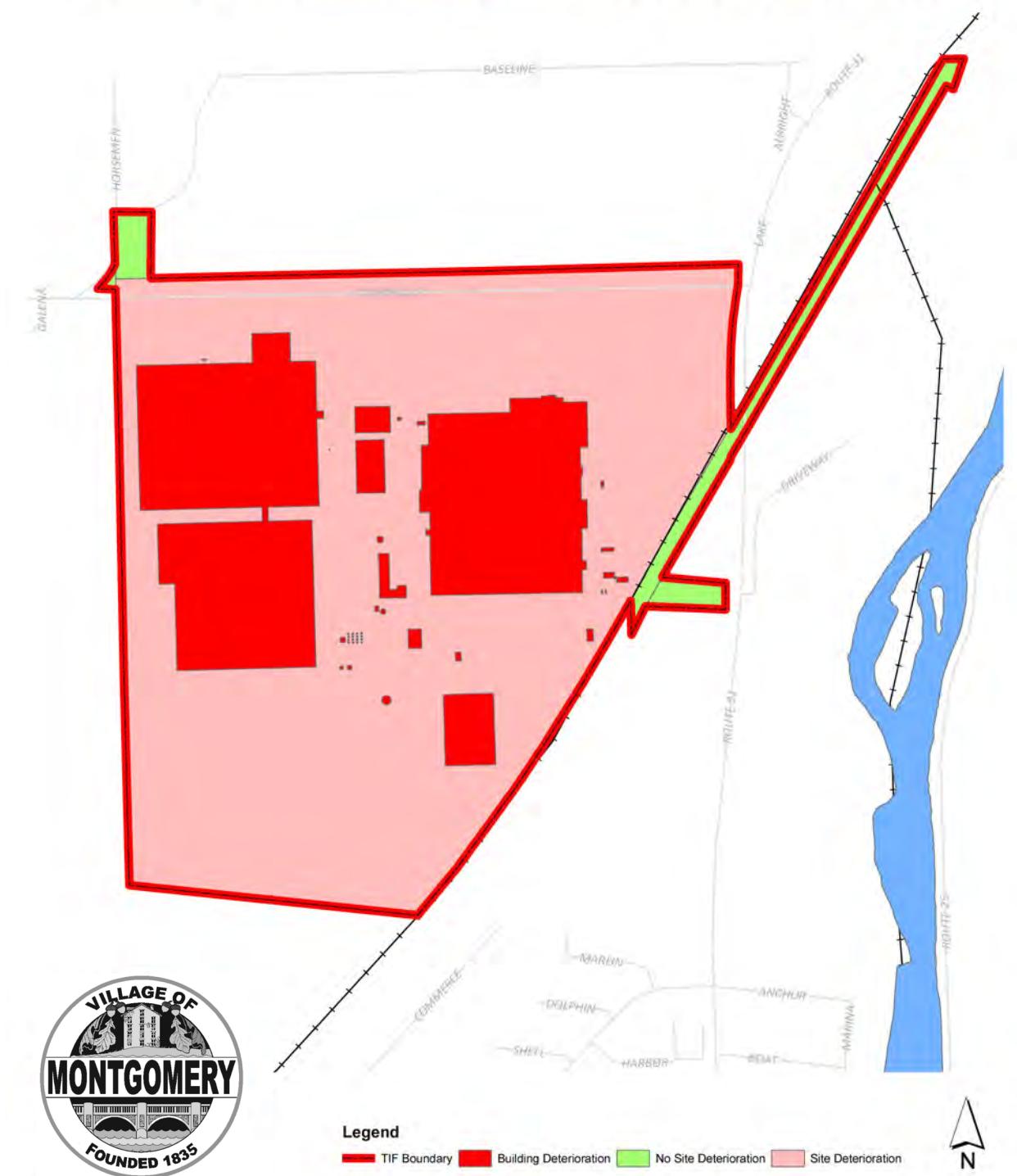


Example of deteriorating site improvements.



Example of deteriorating site improvements.

FIGURE 3 - DETERIORATION OF BUILDINGS & SITE IMPROVEMENTS



Illegal Use of Individual Structures. *Illegal use of individual structures refers to the use of structures in violation of applicable federal, state, or local laws, exclusive of those applicable to the presence of structures below minimum code standards.*

There is no evidence available of any illegal use of structures within the Project Area. Illegal use of structures is not a significant factor towards designation of the Project Area as a blighted area.

Presence of Structures Below Minimum Code Standards. *Structures below minimum code standards include all structures that do not meet the standards of zoning, subdivision, building, fire, and other governmental codes applicable to property (but not including housing and property maintenance codes).*

Building improvements to address current standards (such as fire suppression, etc.) will be required to reconfigure the buildings for current industrial users. However, there is no documented evidence available of any structures within the Project Area that do not substantially meet current building code standards. Presence of structures below minimum code standards is not a significant factor towards designation of the Project Area as a blighted area.

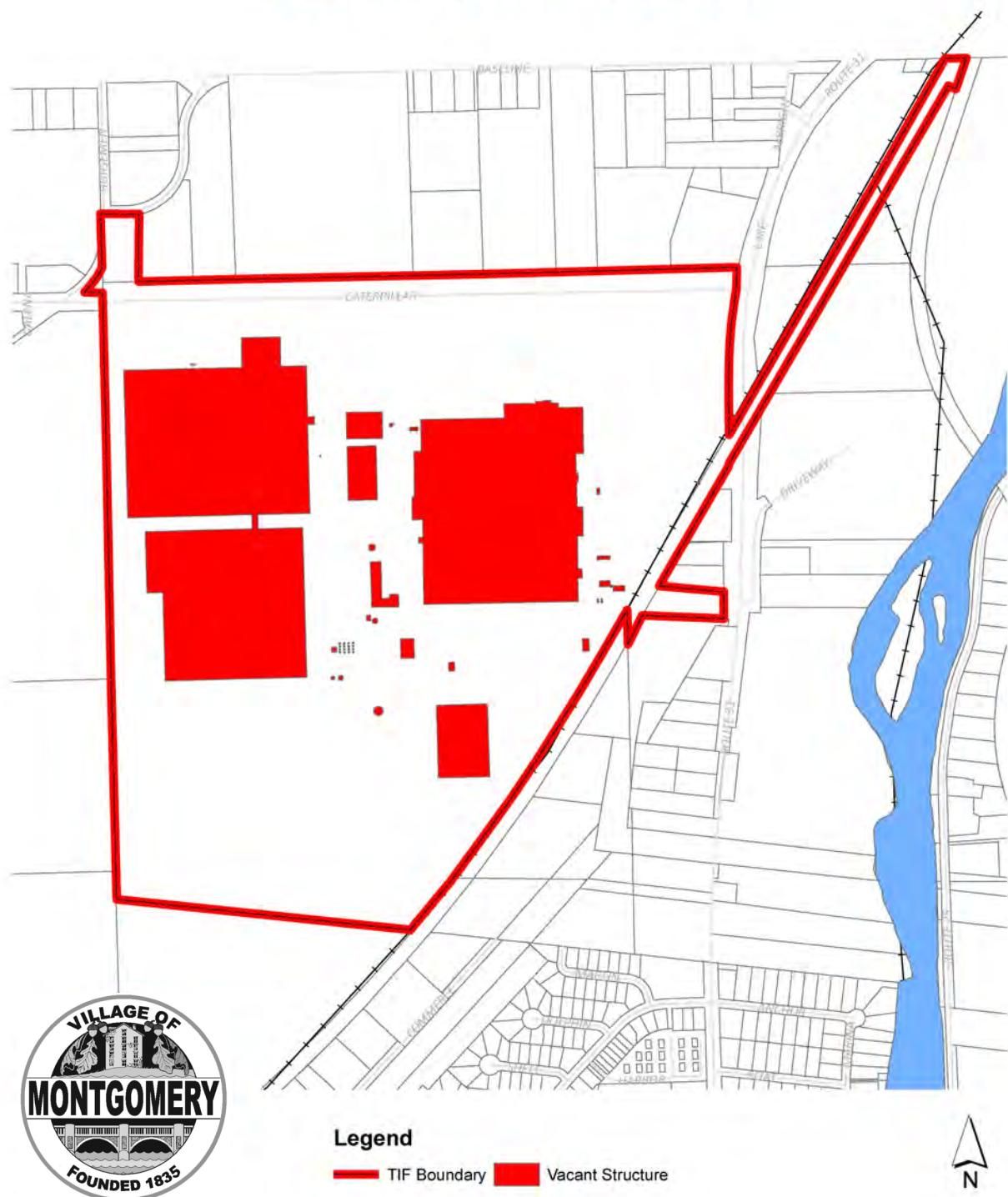
Excessive Vacancies. The presence of buildings that are unoccupied or under-utilized and that represent an adverse influence on the area because of the frequency, extent, or duration of the vacancies.

The Project Area encompasses the currently (mostly) vacant Caterpillar facility (45 structures), which represents 100% of the structures within the Project Area. Only a very small portion of the facility is still in active use, while the vast majority is vacant. Excessive vacancies are therefore a significant contributing factor towards designation of the Project Area as a blighted area.



Main entrance to the vacant Caterpillar facility.

FIGURE 4 - EXCESSIVE VACANCIES



Lack of Ventilation, Light, or Sanitary Facilities. Inadequate ventilation is characterized by the absence of adequate ventilation for light or air circulation in spaces or rooms without windows, or that require the removal of dust, odor, gas, smoke, or other noxious airborne materials. Inadequate natural light and ventilation means the absence or inadequacy of skylights or windows for interior spaces or rooms and improper window sizes and amounts by room area to window area ratios. Inadequate sanitary facilities refer to the absence or inadequacy of garbage storage and enclosure, bathroom facilities, hot water and kitchens, and structural inadequacies preventing ingress and egress to and from all rooms and units within a building.

The existing structures in the Project Area were previously used as a Caterpillar facility and have adequate ventilation, light and sanitary facilities. However, the reconfiguration of the facility from a single user to multiple users will require significant upgrades and relocation of lighting and sanitary facilities. Although lack of ventilation, light, or sanitary facilities is not a significant factor towards designation of the improved area within the Project Area as a blighted area, these issues do contribute to a lesser degree.

Inadequate Utilities. This factor relates to all underground and overhead utilities such as storm sewers and storm drainage, sanitary sewers, water lines, and gas, telephone, and electrical services that are shown to be inadequate. Inadequate utilities are those that are: (i) of insufficient capacity to serve the uses in the redevelopment project area, (ii) deteriorated, antiquated, obsolete, or in disrepair, or (iii) lacking within the redevelopment project area.

The existing structures in the Project Area were previously used as a Caterpillar facility and have adequate utilities to serve a large industrial user. However, the reconfiguration of the facility from a single user to multiple users will require significant upgrades and relocation of utility infrastructure and connections. Although inadequate utilities is not a significant factor towards designation of the Project Area as a blighted area, these issues do contribute to a lesser degree.

Excessive Land Coverage and Overcrowding of Structures and Community Facilities. This factor relates to the over-intensive use of property and the crowding of buildings and accessory facilities onto a site. Examples of problem conditions warranting the designation of an area as exhibiting excessive land coverage are: the presence of buildings either improperly situated on parcels or located on parcels of inadequate size and shape, in relation to present-day standards of development for health and safety, and the presence of multiple buildings on a single parcel. For there to be a finding of excessive land coverage, these parcels must exhibit one or more of the following conditions: insufficient provision for light and air within or around buildings, increased threat of spread of fire due to the close proximity of buildings, lack of adequate or proper access to a public right-of-way, lack of reasonably required off-street parking, or inadequate provision for loading and service.

The existing structures in the Project Area were previously used as a single Caterpillar facility and the site includes multiple buildings, accessory structures and storage tanks throughout the site. Although this was intended to serve the original user, these conditions make it difficult to repurpose as a multi-user industrial facility. Many of the smaller accessory buildings and storage tanks are not required for new users and will need to be removed. Parking areas are sufficient but will need to be reconfigured to accommodate multiple users. Building access and loading will also have to be reconfigured, to allow for multiple users to access the buildings.

Although excessive land coverage and overcrowding of structures and community facilities is not a significant factor towards designation of the Project Area as a blighted area, these issues do contribute to a lesser degree.

Deleterious Land Use or Layout. *The existence of incompatible land-use relationships, buildings occupied by inappropriate mixed-uses, or uses considered to be noxious, offensive, or unsuitable for the surrounding area.*

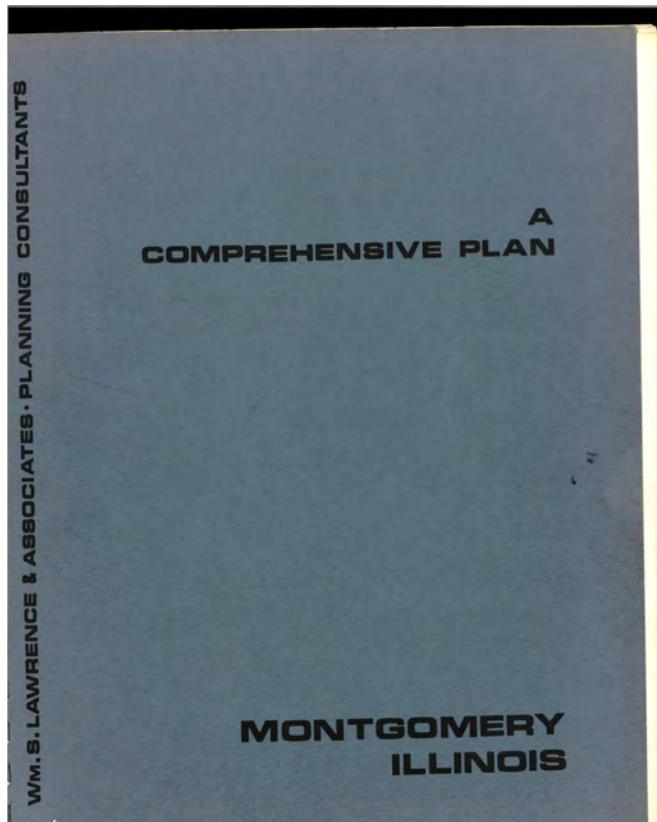
The improved area within the Project Area has been used for industrial purposes for over 60 years. The property is adjacent to IL Route 31 and has rail access. The Project Area is currently in unincorporated Kendall County, and must be incorporated into the Village of Montgomery prior to designation of a TIF District, but the area is appropriate for continued industrial use. Deleterious land use or layout is not a significant contributing factor towards designation of the Project Area as a blighted area.

Lack of Community Planning. *The proposed redevelopment project area was developed prior to or without the benefit or guidance of a community plan. This means that the development occurred prior to the adoption by the municipality of a comprehensive or other community plan or that the plan was not followed at the time of the area's development. This factor must be documented by evidence of adverse or incompatible land use relationships, inadequate street layout, improper subdivision, parcels of inadequate shape and size to meet contemporary development standards, or other evidence demonstrating an absence of effective community planning.*

The Caterpillar facility was constructed in 1958-1961 in unincorporated Kendall County, and must be incorporated into the Village of Montgomery prior to designation of a TIF District.

The Village's first comprehensive plan was adopted in 1973, after the construction of the Caterpillar facility, and designates future land uses for unincorporated areas within one and one-half (1.5) miles of the Village. The Project Area is designated as "industry" in the 1973 comprehensive plan.

The Caterpillar facility was developed prior to the Village's adoption of a comprehensive plan (and very likely prior to the County's adoption of a comprehensive plan). This has resulted in a number of issues that make redevelopment of the Project Area more challenging. This large industrial facility was constructed immediately adjacent to the Village boundary, and has limited development options in the surrounding area.



The inability to repurpose such a large and specifically designed industrial facility has necessitated dividing it up for smaller users, which will require resubdividing the parcel, reconfiguring the parking areas, installing new separated utility hookups and meters, etc.

Lack of planning is a contributing factor towards designation of the Project Area as a blighted area.

Decline in Equalized Assessed Value. The total equalized assessed value of the proposed redevelopment project area has declined for 3 of the last 5 calendar years prior to the year in which the redevelopment project area is designated or is increasing at an annual rate that is less than the balance of the municipality for 3 of the last 5 calendar years for which information is available or is increasing at an annual rate that is less than the Consumer Price Index for All Urban Consumers published by the United States Department of Labor or successor agency for 3 of the last 5 calendar years prior to the year in which the redevelopment project area is designated.

CATEGORY	2015	2016	2017	2018	2019	2020
Total EAV of Improved Area	\$11,593,604	\$11,595,424	\$11,595,424	\$11,595,424	\$12,516,798	\$10,235,371
Percent Change in EAV		0.02%	0.00%	0.00%	7.95%	-18.23%
EAV of Village (excluding Improved Area)	\$358,775,136	\$392,434,269	\$412,293,029	\$444,788,666	\$467,395,069	\$492,850,521
Percent Change in EAV		9.38%	5.06%	7.88%	5.08%	5.45%
CPI for All Urban Consumers	237.017	240.007	245.120	251.107	255.657	258.811
Percent Change in CPI		1.25%	2.09%	2.38%	1.78%	1.23%

The equalized assessed value of the Project Area has decreased in one (1) of the previous five (5) years (2020). As compared to the remainder of the Village of Montgomery, the equalized assessed value of the improved area has increased at a lesser rate in four (4) of the previous five (5) years (2016, 2017, 2018 and 2020). As compared to the consumer price index, the equalized assessed value of the improved area has increased at a lesser rate in four (4) of the previous five (5) years (2016, 2017, 2018 and 2020).

The equalized assessed value of property in the Project Area has increased at a lesser rate than the remainder of the Village of Montgomery, and the consumer price index, for four (4) of the previous five (5) years. Decline in equalized assessed value is therefore a significant contributing factor towards designation of the Project Area as a blighted area.

SUMMARY FINDINGS

Based on the findings contained within this Eligibility Report, the Project Area qualifies as a ‘blighted area’ in accordance with the eligibility criteria as established in the Act.



As shown in the summary below, the Project Area qualifies as a “blighted area” meeting five (5) of the eligibility criteria. The Village may wish to proceed with the designation of the improved area as a Tax Increment Financing District under the processes outlined in the Act.

Each of the following factors contributes significantly towards the eligibility of the Project Area. All of these characteristics point to the need for designation of the Project Area as a Tax Increment Financing District, to be followed by public intervention in order that redevelopment might occur.

Eligibility Criterion	Major Qualifying Factor	Present but not a Major Qualifying Factor
Dilapidation	No	No
Obsolescence	Yes	No
Deterioration	Yes	No
Illegal Uses	No	No
Below Code Standards	No	Yes
Excessive Vacancies	Yes	No
Lack of Ventilation	No	No
Inadequate Utilities	No	Yes
Excessive Land Coverage	No	No
Deleterious Land Use	No	No
Lack of Planning	Yes	No
Environmental	No	No
Decline in EAV	Yes	No
Total	5	2

APPENDIX B LEGAL DESCRIPTION

THAT PART OF THE NORTHEAST QUARTER OF SECTION 1, TOWNSHIP 37 NORTH, RANGE 7 EAST OF THE THIRD PRINCIPAL MERIDIAN AND PART OF SECTION 5, 6 AND 7, TOWNSHIP 37 NORTH RANGE 8 EAST OF THE THIRD PRINCIPAL MERIDIAN DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF THE NORTHWEST QUARTER OF SAID SECTION 6; THENCE NORTH 01 DEGREES 31 MINUTES 56 SECONDS WEST, 1181.40 FEET ALONG THE WEST LINE OF SAID SECTION 6; THENCE NORTH 46 DEGREES 31 MINUTES 56 SECONDS WEST, 188.39 FEET TO THE EAST LINE OF HORSEMEN TRAIL; THENCE NORtherly ALONG THE EAST LINE OF SAID HORSEMEN TRAIL TO THE SOUTH LINE OF BASELINE ROAD; THENCE EAST ALONG THE SOUTH LINE OF BASELINE ROAD 174.55 FEET TO A POINT LYING 240 FEET, MORE OR LESS, EAST OF THE WEST LINE OF SAID SECTION 6; THENCE SOUTH 01 DEGREES 30 MINUTES 49 SECONDS EAST, 449.95 FEET TO THE NORTH LINE OF A TRACT OF LAND DESCRIBED IN DOCUMENT 115427; THENCE EAST, 4064.79 FEET, ALONG SAID NORTH LINE TO THE WEST LINE OF ILLINOIS ROUTE 31; THENCE SOUTH ON SAID WEST LINE TO THE NORTHWESTERLY LINE OF THE BURLINGTON NORTHERN SANTA FE RAILROAD RIGHT OF WAY; THENCE NORtheasterly ALONG SAID NORTHWESTERLY LINE TO THE NORTH LINE OF SAID SECTION 5; THENCE EAST ALONG SAID NORTH LINE TO THE SOUTHEASTERLY LINE OF SAID BURLINGTON NORTHERN SANTA FE RAILROAD RIGHT OF WAY; THENCE SOUTHWESTERLY ALONG SAID SOUTHEASTERLY LINE TO THE SOUTH LINE OF A PARCEL DESCRIBED IN DOCUMENT 201700015483 RECORDED IN THE KENDALL COUNTY RECORDERS OFFICE, SAID LINE ALSO BE THE NORTH LINE OF A PARCEL OF LAND HAVING A P.I.N. OF 03-05-301-004; THENCE Easterly 402.43 FEET, ALONG SAID NORTH LINE TO THE WEST LINE OF SAID ILLINOIS ROUTE 31; THENCE SOUTH, 200.07 FEET, ALONG SAID WEST LINE TO THE SOUTH LINE OF SAID PARCEL OF LAND HAVING A P.I.N. OF 03-05-301-004; THENCE WEST, 499.26 FEET, ALONG SAID SOUTH LINE TO THE SOUTHEASTERLY LINE OF THE BURLINGTON NORTHERN SANTA FE RAILROAD RIGHT OF WAY; THENCE SOUTHWESTERLY ALONG SAID SOUTHEASTERLY LINE TO THE WEST LINE OF SAID SECTION 5; THENCE NORTH ALONG SAID WEST LINE TO THE NORTHWESTERLY LINE OF THE BURLINGTON NORTHERN SANTA FE RAILROAD RIGHT OF WAY; THENCE SOUTHWESTERLY ALONG SAID NORTHWESTERLY LINE TO THE SOUTH LINE OF A PARCEL DESCRIBED IN DOCUMENT 2020000016470 AND RECORDED IN THE KENDALL COUNTY RECORDERS OFFICE; THENCE WEST, 1998.99 FEET ALONG SAID SOUTH LINE TO THE WEST LINE OF SAID SECTION 7; THENCE NORTH, ALONG SAID WEST LINE AND THE WEST LINE OF SAID SECTION 6, 2796.04 FEET TO THE POINT OF BEGINNING, ALL IN KENDALL COUNTY, ILLINOIS.