

# MEMORANDUM

**TO:** Randy Recklaus, Village Manager

**FROM:** Charles Witherington-Perkins  
Director of Planning and Community Development

**DATE:** August 23, 2022

**SUBJECT:** Financial/Economic Impact/Market Analysis Request for Proposals Award of Consultant

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## Request

Consideration and approval of consultant selection for fiscal economic impact and market analysis of proposed redevelopment of property commonly known as Arlington International Racecourse.

## Background

The Village of Arlington Heights issued a Request for Proposals from consultants to provide financial, economic impact and market analysis to assist the Village in evaluating plans, studies, and proposals that may be submitted by the Chicago Bears Football Club for the proposed redevelopment of Arlington International Racecourse property with a mixed-use redevelopment. Arlington International Racetrack was an iconic landmark in the Village and the Chicago metro region for almost 100 years. The property consists of 326 acres of prime real estate, and creates a center of opportunity for a dynamic and unique redevelopment. In early 2021, the owner of the property Churchill Downs Inc. announced the closure and sale of the property ending the racetrack's storied history. In the summer of 2021, the Village drafted overlay zoning district standards for the property. The purpose of the overlay zoning district was to establish guidelines specific to the property to faster and implement thoughtful redevelopment of the property. This was envisioned to be the first step of many in the process to redevelop the property. Towards the end of September 2021, the Chicago Bears Football Club and Churchill Downs announced that they had executed a purchase of sale agreement of the property. The Village drafted a Request for Proposals that was released in June to select specialized consultant firms that have experience in stadium, mixed-use development type developments. Deadline for consulting teams to submit proposals to the Village was mid-July.

## Scope of Work

The overall objective of the consultant assignment is to evaluate, review, research, and present findings and recommendations to the Village. The consultant is also expected to represent the best interests of the Village throughout the assignment. The Village is seeking experts and certain disciplines to augment its internal Staff on this important and exciting project. The selected consultant will be responsible for providing the Village with services, including the following:

Step 1. Consultant must evaluate preliminary plans and financial economic analysis provided by the Chicago Bears organization, which evaluation will include:

- a. Conducting a peer review of the initial high-level economic impact assessment submitted.

- b. Providing findings of peer review identifying areas of concern, deficiencies, assets and benefits.
- c. Providing high level opinion on financial feasibility and economic benefit or impact upon the Village.

Step 2. Consultant must perform an independent market analysis, which will include:

- a. Comparable Stadium and Entertainment District research and projections for the Village, including evaluating estimated new tourism impacts.
- b. Mixed use development profiles and best practices.
- c. Annual ongoing operational projections for all anticipated local government expenses and outline potential cost recovery structures.
- d. Detailing deal structures and public sector financing mechanisms.

Step 3. Consultant must provide a financial analysis that includes a future financial analysis for all project components to ensure the proposed redevelopment results in a net positive fiscal impact upon Arlington Heights.

Step 4. Consultant must assist the Village to negotiate deal points, including deal points relating to:

- a. Financing incentives.
- b. Linked key development components.
- c. State, county, and other public financing and/or grants/partnerships and funding mechanisms.
- d. Community benefit agreements.

Step 5. Consultant must provide a report, executive summary and recommendations on each of the above tasks.

Step 6. Consultant must provide ongoing advice to the Village during the planning and negotiation stages of the project.

Step 7. Consultant must prepare and deliver reports and presentation to the Village Board, stakeholder groups and the public at community meetings.

### **Budget and Process**

The Request for Proposals was released to eight firms that specialize in fiscal impact analysis for sports stadiums and mixed-use developments. A pre-proposal meeting was held with the consultant teams. Four proposals were submitted to the Village by the deadline. Due to the nature of the assignment and materials yet to be received from the Chicago Bears Football Club, portions of the assignment would be at an ongoing consultancy hourly rate. Additionally, consultant firms provided estimates on the number of hours necessary to conduct the first three steps of the scope of work, including peer review, market research and developing a fiscal model. The scope of work necessary for each step in the process may be adjusted upon receipt of materials from the Chicago Bears Football Club. Therefore, the selection focused on the experience of the consultant team. However, the consulting fees provided by the consulting firms

ranged from approximately \$90,000 to \$159,663. Some firms provided estimates for ongoing consultancy, although these services would be performed at hourly rates. The staff selection team (Randy Recklaus, Tom Kuehne, and Charles Witherington-Perkins) reviewed all four proposals in detail and selected two firms for interview. The funds to pay for the selected consultant comes from the Chicago Bears Football Club, which have placed funds in escrow held by the Village to provide these services, and the Village's Capital Projects Fund reserves.

### **Selected Firm**

The Staff selection team recommends the consultant team of Hunden Strategic Partners, including Strategic Partner Steve Haemmerle and partners at Husch Blackwell. Hunden Strategic Partners specializes in providing advisory services of destination real estate development, economic development and tourism led by CEO Rob Hunden. Hunden Strategic Partners has worked on more than 1,000 projects or studies in the past 25 years, with more than \$20 billion in projects built or currently underway. Over the past nine months, Hunden has been working on an NBA District in Milwaukee and NFL/NHL deals in Virginia and Arizona. Steve Haemmerle Strategic Partner is currently working with Hunden on NFL stadium research, negotiations and advisory assignment in the northeast. He was formerly Executive Vice President of Navy Pier from 2011-2019 and was responsible for real estate development at Navy Pier during that time period. Husch Blackwell is a national law firm specializing in sports venue, structures and negotiations. Husch Blackwell recent engagements have included representing the city of Oakland, the city of Anaheim, and the city of Phoenix.

### **Recommendation**

It is recommended that the Village Board authorize the Village Manager to enter into an agreement with Hunden Strategic Partners for a financial, economic impact and market analysis for the proposed redevelopment of the property formerly known as Arlington International Racecourse. Hunden Strategic Partners consultant fees would be approximately \$118,000 plus ongoing consultancy at hourly rates. It is further recommended that the consultant contract be funded from the escrow funds provided by the Chicago Bears Football Club and the Village's Capital Projects Fund reserves.

C: Thomas F. Kuehne, Director of Finance

*CW-P:Imp*