



Frankfort Park District Borg Warner Referendum Update

July 13, 2021

Background on the Park District's desire to acquire the Borg Warner plant

In 2020, the Park District learned that Borg Warner, the large industrial parcel at 300 Maple Street adjacent to Main Park, would be closing their Frankfort plant and the land would be put up for sale.

The Borg Warner plant provides 229,000 sq. ft. of indoor space along with 25+ acres of land. Given the central location of the Borg Warner property and that it is adjacent to Main Park, the Park District felt it was important to evaluate the opportunities that the property could provide.

In 2019, through the master planning process, the Village of Frankfort and the Park District received feedback from residents who expressed the desire for increased and improved recreational facilities in Frankfort along with a desire to have access to an aquatic facility. The Park District knew that the Borg Warner plant could be repurposed to fulfill the goals of the Village and Park District's master plans. The challenge would be to fund the acquisition and renovation of the Borg Warner property.

2021 Non-Binding Referendum

Given the Frankfort Park District has one of the lowest tax rates on the local property tax bill and also has one of the lowest tax rates among all park districts in the southland, it would be necessary for the Park District to go through the referendum process to ask residents raise taxes which could fund the development of the Borg Warner project.

A Binding Referendum would ask voters to increase the resident's property taxes by the Park District for the specific purpose to buy and renovate the Borg Warner property. Raising taxes is not usually favored, therefore the Park District moved to asking a Non-binding referendum as the first phase as it was important to get voters feedback. Through educational materials, social media and town hall meetings, the Park District worked to engage the community to inform them of the upcoming Non-Binding referendum that would be part of the April 2021 election. On the April 6, 2021 election, the Frankfort Park District had a non-binding referendum on the ballot regarding the Borg Warner property. The question is listed below.

Official Question

Non-Binding (advisory) Referendum to gauge community support. Should the Frankfort Park District, acquire and improve the site of the Borg Warner Plant, located at 300 Maple Street in Frankfort and consisting of approximately 26 acres, for the purpose of developing, improving, and operating an indoor recreational space and outdoor athletic facilities and finance the purchase and renovation of the project by issuing bonds that will result in a property tax increase?

The non-binding referendum passed with a 56% support of the Park District looking further at the acquisition of the Borg Warner property. The Non-Binding referendum didn't authorize a tax increase but showed that voters would support further evaluation for a binding referendum.

2022 Binding Referendum

Following the Non-Binding referendum, the next step was to continue the evaluation of the facility acquisition, develop a site and design plan for the building, and develop a business plan for the future



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Community Center. For a property of this size, the process would involve a team of contractors and the costs would be upward of \$400,000. To be fiscally responsible, prior to engaging architects and construction management teams, the Park District had further conversations with Borg Warner. At that time, they disclosed that following the Non-Binding referendum, they had multiple offers on the Borg Warner property and that they were preparing to sign a contract. The prospective buyers would continue to use the Borg Warner plant for industrial use. It was thought that given the Borg Warner plant was in the downtown residential area, that another industrial firm wouldn't be interested in the property. The Park District had believed that if there was any competition to purchase the Borg Warner property it would be from developers looking to purchase the land to build new homes. The downtown area is high coveted and there is limited inventory. The Park District was wrong, the value of the Borg Warner plant is the expansive building. Borg Warner graciously gave the Park District time to find alternative options that would allow the Park District to raise the capital needed to purchase the building.

How can we buy or hold the Borg Warner property while we await a referendum?

The Park District doesn't have the funds to purchase the Borg Warner property or the ability to borrow funds. It would be necessary to pass a Binding Referendum that would allow the Park District to have the borrowing capacity. With a pending real estate contract, the Park District looked at options that would allow the Park District to continue to develop a plan for the community center that would take a Binding Referendum to voters in an election of June 2022. Urgency was an issue as Borg Warner indicated they would grant the Park District time but only 30 days.

In 2019, the Village of Frankfort adopted a new Master Plan that recommended that if Borg Warner closed their plant, the Village should rezone the location to residential. Light bulb moment - the Park District asked the Village of Frankfort to consider purchasing the Borg Warner plant. The thought was that the Village would own the property. If was being held, the Park District could engage residents and inform them of the plans for the 2022 Binding Referendum to improve the property into a community center. If the Binding Referendum for the community center didn't pass, the Village would be in control of the parcel, and it would allow the Village to align the use as outlined in the Master Plan which would be for residential development.

Given that the newly elected Village Board and Mayor had been seated for only a month, the request made to the Village was a big ask. Asking anyone to make a large purchase takes a great deal of research but when you add urgency to the request that is challenging. The Village listened and evaluated what the Park District had proposed.

Borg Warner did extend the Village time to evaluate the land purchase. The Village Board did their due diligence. The Village asked many questions and assessed the value of the land if it was repurposed for a residential subdivision. In the end, the value of the Borg Warner land for a subdivision didn't align with the funds that would be necessary to purchase the property. The value of the Borg Warner parcel is the expansive building.

What's next?

The Park District anticipates that in the near future, Borg Warner will sign a contract with a private developer that will continue to use the existing building for industrial use. It is anticipated that they will



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close the real estate deal by the end of the year when Borg Warner said they will close their plant. Until the sale is complete, there is a chance that property could remain available.

The Park District has paused the evaluation of the Borg Warner Community Center development. However, the Park District Board and staff are looking at other options. Through the non-binding referendum it was learned that many residents aren't aware of the limited funding that the Park District has and supported the opportunity to increase the resources available. Staff will continue to evaluate future projects that align with the master plan and the feedback provided by residents.

