



**To:** Dr. Mike Riggle  
Board of Education

**From:** Dr. R.J. Gravel

**Date:** Monday, April 9, 2018

**Re:** Pyramid Packaging, Inc. 6(b) Request

**Recommendation**

It is recommended that the Board of Education direct the administration to submit a letter of support that will be submitted as part of the Pyramid Packaging, Inc.'s Application for the Cook County 6(b) Designation on current and new property.

**Background**

Cook County has made available a classification to encourage industrial development throughout the county, that provides a real estate tax incentive for the development of industrial facilities and structures. There are three common goals that can be fulfilled by awarding a Class 6(b) designation: attracting new industry, stimulating existing industry, and increasing employment opportunities. Properties provided a Class 6(b) designation become eligible for the following tax incentive:

- Property assessment at 10% of market value for the first 10 years,
- Property assessment at 15% in the 11th year,
- Property assessment at 20% in the 12th year (before returning to the standard 25% rate),
- Assessment is determined from the date that the new construction or substantial rehabilitation is completed and initially assessed or, in the case of abandoned property, from the date of substantial re-occupancy.

Last month, the Village of Northbrook informed Northbrook/Glenview School District 30 and Glenbrook High School District 225 that a current Northbrook company, Pyramid Packaging, Inc., is considering the expansion of facilities on existing property. As part of the acquisition proposal, Pyramid Packaging has requested that a new Class 6(b) designation be applied to the property. The details of their development proposal are as follows:

- Phase I
  - Construct a new building with approximately 8,092 square feet in Spring 2018
  - Located 12 feet South of the existing facility (2901 Shermer Road, Northbrook)
  - Move into new facility in late Fall 2018
- Phase II
  - Demolish existing 6,500 square feet facility (2901 Shermer Road, Northbrook)
  - Construct a new building with approximately 5,620 square feet in Spring 2019
  - Join the two buildings together in Fall 2019

Pyramid Packaging, Inc. is a 50-year old business that supplies packaging machinery, supplies, and services. They specialize in packaging supplies for food, medical, and industrial companies. They are currently located in Northbrook, but their existing 6,500 square feet of building space is no longer adequate for their business needs. Their new, modern building design will enable an expansion of their operations, and will also move truck traffic from Shermer Road to Holste Avenue. The project is estimated to cost approximately \$1.2-1.5 million, and will be completed on existing property owned by the company. They have also shared that they plan to add 3-4 FTE once the project is completed.

Given the economic benefits to the Northbrook community, the Village of Northbrook is in support of providing a new Class 6(b) designation on the proposed facility. The estimated property tax revenue impact, using 2016 rates, is outlined below:

	Rate PSF	Total Space	Total Tax Estimate <sup>^</sup>	District 225 Tax <sup>^</sup>
<b>With 6(b)</b>	\$1.83*	13,712*	\$25,066	\$6,881
<b>Without 6(b)</b>	\$4.57*		\$62,665	\$17,201

\* Based on Applicant-prepared estimates; rounded

<sup>^</sup> Based on 2016 Tax Rates (Glenbrook Tax Rate - \$2.106; Total Tax Rate - \$7.672; Portion - 27.45%)

At this time the Village of Northbrook has requested that the local districts take this proposal under review, and consider providing a letter of support regarding the assignment of Class 6(b) designations. The Village of Northbrook Board of Trustees will review any letters of support submitted at their May 8, 2018 meeting when they review the resolution in support of the request that will be submitted to Cook County.

Richard D. Worssek  
Robert S. Vihon  
Edwin M. Wittenstein  
Francis W. O'Malley  
Nicholas T. McIntyre  
Jessica L. MacLean  
Adam Rogozinsky  
Mark V. Volpe

Matthew E. Panush  
Senior Analyst

**Cook County Class 6B  
Eligibility Application**

Pyramid Packaging, Inc.  
2901 Shermer Road  
Northbrook, IL 60062

**PIN**

04-22-300-035-0000

**Identification of Person Having an Interest in the Property**

The subject property is owned and occupied by Pyramid Packaging, Inc., located in the subject property at 2901 Shermer Road, Northbrook, IL 60062.

**Industrial Use**

Established in 1968, Pyramid Packaging is a value-added and ISO 9001 compliant supplier of packaging machinery, supplies, and services. Pyramid specializes in packaging supplies for food, medical, and industrial customers.

**Specific Description of the Proposed New Construction**

The existing building and headquarters for Pyramid Packaging, Inc. is a 6,500 square foot single story building on PIN 04-22-300-035.

The plan is to construct the new building in two phases. **Phase 1** is projected to start in March 2018 and will comprise of about 8,092 square feet located twelve feet South of the existing building. After Pyramid Packaging, Inc. moves into the new building in late Fall 2018, they will tear down the existing building and begin construction of **Phase 2**, which consists of an additional 5,620 square feet in Spring 2019. The two buildings will be joined together with a projected Fall 2019 overall completion date.

**PROPERTY DESCRIPTION**

LOT 16 IN THE GLENDALE INDUSTRIAL DISTRICT, A SUBDIVISION OF PART OF THE NORTH HALF OF THE NORTH RANGE 12, EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED NOVEMBER 17, 1961 AS DOCUMENT NO. 18333203, IN COOK COUNTY, ILLINOIS.





**Site Plan Option 2**

JOB NUMBER: 17019  
 DATE: 11/14/17

**PYRAMID PACKAGING**

2901 SHERMER ROAD, NORTHBROOK IL.  
 60062

**SK-1a**



A Professional Corporation  
 1100 Landmeier Rd. Suite 202,  
 Elk Grove Village, IL 60007

Phone: 847.952.1100  
 Fax: 847.952.1158  
 Web: www.groupaarch.com





**FRONT RIGHT PERSPECTIVE**

JOB NUMBER: 17019  
 DATE: 11/14/17



A Professional Corporation  
 1100 Landmeier Rd. Suite 202,  
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 Web: www.groupaarch.com

**PYRAMID PACKAGING**

2901 SHERMER ROAD, NORTHBROOK IL.  
 60062

**SK-3**





REAR LEFT PERSPECTIVE

JOB NUMBER: 17019  
DATE: 11/14/17



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1100 Landmeier Rd. Suite 202,  
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**PYRAMID PACKAGING**

2901 SHERMER ROAD, NORTHBROOK IL.  
60062

**SK-4**





**GROUP**



**ARCHITECTURE**

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**LOADING DOCK PERSPECTIVE**

**PYRAMID PACKAGING**

2901 SHERMER ROAD, NORTHBROOK IL.  
 60062

JOB NUMBER: 17019

DATE: 11/14/17

**SK-5**

**Cook County Class 6B  
Village of Northbrook Application**

Pyramid Packaging, Inc.  
2901 Shermer Road  
Northbrook, IL 60062

**Economic & Fiscal Impacts of Business on the Community**

- 1. Provide the North American Industry Classification System (NAICS) code(s) for the business to occupy the subject property. Describe the potential for future growth of the business and of the industry the business is in.**

Pyramid Packaging, Inc. has at least two North American Industry Classification System (NAICS) codes: 424130, Industrial and Personal Service Paper Merchant Wholesalers, and 423830, Industrial machinery and equipment merchant wholesalers.

Pyramid Packaging, Inc. is a supplier of packaging machinery, supplies, and services. Pyramid specializes in packaging supplies for food, medical, and industrial customers. With the expansion, Pyramid plans to hire an additional 3 to 4 employees.

- 2. If an existing business, provide information regarding the business' current operations, such as locations, size of current facilities, and number of current employees. Also explain why the business is relocating or expanding to Northbrook.**

Pyramid Packaging, Inc. is currently headquartered at the subject property at 2901 Shermer Road. The existing structure is a 6,500 square foot single story building. Pyramid wishes to stay in Northbrook and expand its operations.

Additionally, the new design will bring truck traffic off of busy Shermer Road and onto Holste Ave. The new docks facing Holste are designed to improve traffic flow on this Shermer Road and enhance overall vehicle and pedestrian safety from trucks backing up and pulling away from the current Shermer facing dock.

The modern design of the new building will have a strong impact in the area and hopefully increase the value of the surrounding real estate.

- 3. Do any Northbrook businesses provide services or supplies to the business that will be locating on the subject property? If so, please list the businesses and describe the services/supplies they would provide?**

Pyramid Packaging, Inc. enlists the services of many companies in Northbrook and the surrounding areas including the following:

- Advanced Disposal
- Diamond Flexible Packaging
- Grosse Pointe Towing Inc.



- J. A. Schwall
- Northbrook Chamber of Commerce
- Santucci Plumbing Inc.
- Service Envelope
- Village Of Northbrook

4. **Does the business that will be locating on the subject property provide services or supplies to Northbrook businesses? If so, please list the businesses and describe the services/supplies that would be provided to them.**

Pyramid Packaging, Inc. provides services or supplies to many Northbrook and Cook County businesses, including:

- Cornell Container
- Diversified Metal Products, Inc
- Dream Cakes
- Dynaco USA, Inc.
- Encore Hartco
- Highland Baking Company, Inc.
- Illinois Glove Company
- Lou Malnati's Catering
- Rogan Corporation
- Service Envelope Corporation
- Windy City Organics, LLC

5. **Explain by how much the proposed construction of building additions or other significant improvements to the site would increase the assessed value of the property.**

Pyramid Packaging, Inc. is proposing to complete an industrial building in Northbrook that will cost approximately \$1.2-1.5 million. In Northbrook, the new construction will increase Pyramid's overall square footage, while modernizing the improvements, and therefore increase the assessed value.

6. **Will the project require the Village to invest in public infrastructure improvements? If so, what percentage of the costs of those improvements will the business/developer contribute?**

The development of this space will not require any new infrastructure.

7. **Will the project generate new local sales tax? If so, how much would be annually generated?**

The project is not expected to generate significant new local sales tax.

8. **Is the business a start-up company or an expansion of an existing Northbrook operation?**

The new development will be the expansion of an existing operation and, if approved, would replace the smaller existing industrial property.



9. **Describe the business' history of contributing to its community through volunteer work, financial contributions or other means. If a new start-up business, please demonstrate the business' commitment to becoming involved in the community.**

Pyramid Packaging, Inc., who has been in Northbrook for almost 4 years, contributes to the Northbrook Community in the following ways:

- Owner, Bob Ploen, is a member of the Northbrook Chamber of Commerce.
- Contributes to the following charities in 2017:
  - Aspire
  - Mercy Home
  - Bear Necessities Pediatric Cancer
  - Alzheimer's Association
  - St. Paul Men's Club.

**Conditions of Existing Building /Site and Private Financial Contribution Compared to Public Assistance**

10. **If purchasing the property, provide documentation from the current property owners that they have made a reasonable effort to market the property, including a description of those efforts. Provide a chronological detail of those efforts.**

N/A.

11. **Has the current owner of the subject property filed a vacancy appeal with the County within the last two years? If so, please provide a copy of the appeal and details of how the appeal has affected the assessed value of the property.**

Pyramid Packaging, Inc. has not filed a vacancy appeal with the County in the last two years.

12. **Submit a tax impact table showing the projected property taxes that would be paid if the 6b is granted over the life of the 6b and the property taxes that would be paid if the property is reused without the 6b (A suggested format is available in a Microsoft Excel worksheet).**

See Exhibit 2.

13. **Submit copies of the property tax bill for the subject property for the past three years.**

See Exhibit 3.

14. **Provide an explanation and documentation for why the site in question is difficult to lease or sell due to age, size, condition, or unique characteristics of the building.**

Pyramid Packaging, Inc. is not attempting to lease or sell the property.

15. **If purchasing the property, provide a copy of a certified appraisal of the property or other documentation demonstrating that the property's purchase price is not the reason for needing a Class 6b incentive;**



N/A.

- 16. Provide documentation indicating that deferred maintenance issues are not the reasons for needing the 6b incentive.**

Pyramid Packaging, Inc. proposes to construct the new building to expand its existing business. The building square footage will be increased from 6,500 to 13,712.

- 17. Provide details regarding the amount of investment the applicant and the business planning to occupy the subject property plan to invest in the property.**

Pyramid Packaging, Inc. is planning to invest \$1.2 to \$1.5 million in the new construction.

- 18. What is the purchase price of the real property on the subject property? Provide support documentation, such as a copy of the purchase contract.**

Pyramid Packaging, Inc. currently owns the existing property upon which the new building will be constructed.

- 19. Submit a narrative and supporting documents indicating the need for the 6b incentive.**

Pyramid Packaging, Inc. has been considering the development of a new industrial building for some time. In determining where to build the new facility, many factors must be considered.

Pyramid could potentially relocate its business to nearby, Wheeling, or even Buffalo Grove in Lake County, at considerably lower cost than redeveloping in Northbrook. The business does not necessarily need to be in Northbrook, however, Pyramid has become and continues to be part of the local community and wishes to remain in Northbrook. Pyramid is committed to improving the community, and in particular, ensuring that the manufacturing and distribution industry remains strong in Northbrook.

In addition to Pyramid's commitment to the Northbrook community, the planned expansion is only economically feasible with the assistance of the 6B incentive. As detailed in the 12-year tax projection attached as Exhibit 1, without the 6B incentive, the annual property tax burden on the new property would increase from about \$24,736 to \$61,842. With this 150% increase in taxes, taken along with the \$1.2 to \$1.5 million, the initial cost of expansion would be too high for Pyramid to proceed with the project. With the 6B in place, property taxes would remain at or slightly above the current taxes for 10 years, before gradually increasing.

The 6B will enable Pyramid to afford the upfront cost of demolition and construction, which will benefit the applicant, the community, and even the tax districts. Without the incentive this project would not be possible.



## Quality of Jobs to be Created

20. **Provide the projected number of employees that will be located at the Northbrook facility and the average wage for those employees.**

Currently, the Pyramid Packaging, Inc. has 8 full time employees. The proposed new building space would add approximately 7,212 square feet of space and provide working space for additional employees and inventory. Pyramid plans to hire 3-4 new employees. The average current wage is about \$48 per hour, and the estimates wages for new hires is between \$17 to \$30 per hour.

21. **Provide a break down between full-time, part-time, and seasonal employees at the Northbrook facility.**

Virtually all of these people will be full time employees or full time equivalents.

22. **Provide a breakdown between current employees, if any, that will transfer from the business' existing facilities and new employees from the local area.**

All 8 existing employees will relocate to the new building.

23. **Provide the projected total annual payroll for the Northbrook facility.**

The total annual payroll in 2017 was \$880,747.

## Environmental Impact

24. **Please describe if the business has implemented any of the following as part of its operations:**
- Comprehensive energy and resource efficiency programs, including green buildings (e.g. LEED certification, binding energy efficiency commitments, etc.)**
  - Comprehensive waste reduction, waste exchange, and recycling programs.**

The new building aims to be energy efficient, and while the building will not be LEED certified, they intend for it to be LEED compliant, with the use of energy efficient building materials, LED lighting, and in the near future, solar panels on the roof.

25. **Please describe if the company has introduced environmentally sound products/services, including but not limited to:**
- Products/services that expand markets for recycled materials.**
  - Development of renewable energy resources or products that conserve energy.**

Pyramid Packaging, Inc. is an active recycler of office waste.

## Class 6b General Requirements & Standards

26. **Does the proposal satisfy all applicable Cook County criteria for the approval of a Class 6b incentive?**

The proposal satisfies all applicable Cook County criteria for Class 6b approval.

27. **Does the applicant agree to develop, operate, and maintain the Subject Property in compliance with all codes and ordinances of the Village of Northbrook?**

Pyramid Packaging, Inc. agrees to develop, operate, and maintain the Subject Property in compliance with all codes and ordinances of the Village of Northbrook.

28. **Does the applicant acknowledge that the Village shall not renew a Class 6b incentive after the initial 12-year Class 6b assessment time period has expired?**

Pyramid Packaging, Inc. acknowledges that the Village shall not renew a Class 6b incentive after the initial 12-year Class 6b assessment period has expired.

29. **Does the applicant agree to tie the property tax relief from the Class 6b classification to a specific business(es) locating and remaining on the subject property for length of the 12-year Class 6b assessment time period?**

Pyramid Packaging, Inc. acknowledges that the Village resolution in support of a class 6b incentive for the property may be specific to Pyramid Packaging, Inc.

30. **Does the applicant agrees that during the life of the Class 6b schedule, the applicant shall agree not to seek a property tax protest that would result in a property value less than the fair market value set by the Cook County Assessor's Office during the first year of the Class 6b schedule.**

Pyramid Packaging, Inc. agrees that during the life of the Class 6b schedule, it will not seek a property tax protest that would result in a property value less than the final fair market value established during the first year of the Class 6b schedule.

31. **The applicant must acknowledge that it must enter into an agreement with the Village setting the terms and conditions for the Village's support and consent to the Class 6b classification.**

Pyramid Packaging, Inc. acknowledges that it must enter into an agreement with the Village setting the terms and conditions for the Village's support and consent to the Class 6b classification.



**Pyramid Packaging, Inc.**  
6b Tax Projection

**Original Structure (6,500 square feet\*)**

<u>Market Value</u>	<u>Class 5</u>	<u>2015 Assessed Value</u>	<u>2015 State Equalization Factor</u>	<u>Tax Rate</u>	<u>2015 Tax Revenue</u>
\$434,776.00		25%	108,694	2.8032	7.67%
					\$23,375.90

**Estimated Property Taxes on New Development over 12 years with 6b incentive (13,712 square feet)**

<b>Estimated FMV of New Development*</b>	<b>\$1,165,520</b>	* Assuming \$70 per square foot (Currently assessed at \$67 per square foot)
New Structure Square Footage	13,712	

<u>New Structure (13,712 square feet)</u>	<u>6b Incentive Percentage</u>	<u>Assessed Value</u>	<u>State Equalization Factor</u>	<u>Tax Rate</u>	<u>Tax Revenue</u>
Year 1	10%	116,552	2.8032	7.67%	\$25,065.85
Year 2	10%	116,552	2.8032	7.67%	\$25,065.85
Year 3	10%	116,552	2.8032	7.67%	\$25,065.85
Year 4	10%	116,552	2.8032	7.67%	\$25,065.85
Year 5	10%	116,552	2.8032	7.67%	\$25,065.85
Year 6	10%	116,552	2.8032	7.67%	\$25,065.85
Year 7	10%	116,552	2.8032	7.67%	\$25,065.85
Year 8	10%	116,552	2.8032	7.67%	\$25,065.85
Year 9	10%	116,552	2.8032	7.67%	\$25,065.85
Year 10	10%	116,552	2.8032	7.67%	\$25,065.85
Year 11	15%	174,828	2.8032	7.67%	\$37,598.77
Year 12	20%	233,104	2.8032	7.67%	\$50,131.70
<b>Total</b>					\$338,388.95

**Estimated Property Taxes on New Development over 12 years without 6b incentive (13,532 square feet)**

<b>Estimated FMV of New Development*</b>	<b>\$1,165,520</b>	* Assuming \$70 per square foot (Currently assessed at \$67 per square foot)
New Structure Square Footage	13,712	

<u>New Structure (69,390 square feet)</u>	<u>Class 5 Level of Assessment</u>	<u>Assessed Value</u>	<u>State Equalization Factor</u>	<u>Tax Rate</u>	<u>Tax Revenue</u>
Year 1	25%	291,380	2.8032	7.67%	\$62,664.62
Year 2	25%	291,380	2.8032	7.67%	\$62,664.62
Year 3	25%	291,380	2.8032	7.67%	\$62,664.62
Year 4	25%	291,380	2.8032	7.67%	\$62,664.62
Year 5	25%	291,380	2.8032	7.67%	\$62,664.62
Year 6	25%	291,380	2.8032	7.67%	\$62,664.62
Year 7	25%	291,380	2.8032	7.67%	\$62,664.62
Year 8	25%	291,380	2.8032	7.67%	\$62,664.62
Year 9	25%	291,380	2.8032	7.67%	\$62,664.62
Year 10	25%	291,380	2.8032	7.67%	\$62,664.62

Year 11	25%	291,380	2.8032	7.67%	\$62,664.62
Year 12	25%	291,380	2.8032	7.67%	\$62,664.62
<b>Total</b>					<u>\$751,975.45</u>

Tax Revenue over 12 years based on Original Structure (6,500 square feet at 25%) **\$280,510.74**

Tax Revenue over 12 years with New Development and with 6b (13,712 square feet at 10% for 10 years, 15% for one year, and 20% for the last year) **\$338,388.95**

Tax Revenue over 12 years with New Development and without 6b (13,712 at 25%) **\$751,975.45**