



MaROUS & COMPANY

September 10, 2013

Jeep & Blazer, LLC
24 North Hillside Avenue, Suite 4A
Hillside, Illinois 60162

Attention: Mr. Michael S. Blazer, Attorney at Law

Subject: Proposed Groot Waste Transfer Station
201 Porter Drive
Round Lake Park, Illinois 60073

Dear Mr. Blazer:

In accordance with your request, the plan for the proposed waste transfer station to be located at 201 Porter Drive, Round Lake Park, Illinois, has been analyzed and this consultation report has been prepared.

Purpose and Intended Use of the Report

The purpose of this appraisal consulting¹ assignment is to analyze the Application for Local Siting prepared by Groot Industries for a waste transfer station proposed for the northeast corner of Illinois Route 120 and Porter Drive, Round Lake Park, Illinois. Specifically, I have reviewed reports prepared by the Lannert Group and by Poletti and Associates addressing the third Illinois Environmental Protection Agency (IEPA) siting criterion which requires that the "the facility is located so as to minimize incompatibility with the character of the surrounding area and to minimize the effect on the value of the surrounding property." The Lannert Group report addresses the impact of the proposed waste transfer station on the character of the surrounding area and the Poletti report addresses the effect on the values of the surrounding property. This appraisal consulting report has been prepared specifically for your use in representing your client in a legal matter. Any other use or user of this report is considered to be unintended.

Executive Summary

The land use analysis in the Lannert Group report is unreliable for the following reasons:

¹ Appraisal consulting is defined in the "Uniform Standards of Professional Appraisal Practice", effective January 1, 2008, page U-1, as "the act or process of developing an analysis, recommendation, or opinion to solve a problem, where an opinion of value is a component of the analysis leading to the assignment results."

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- The report did not include an analysis of the comprehensive plans of the adjoining communities which indicate that commercial development is planned for Belvidere Road;
- The report does not discuss the impact of the significant increase in truck traffic on the roads surrounding the proposed facility;
- The report adds the percentage of industrial uses (4 percent) to the percentage of the open space uses (55 percent) within a 1-mile radius of the proposed transfer station, leading to a misleading representation that industrial uses are well established within the area;
- The report does not address whether the few existing industrial uses are characterized as either “light” or “heavy” industrial uses;
- The report does not address the fact that there are residential *uses* situated nearly within the 1,000-foot required setback; the closest point of the Timber Creek residential subdivision is approximately 1,038 feet to the northwest of the proposed site; and
- The report acknowledges that there are residential areas proximate to the proposed transfer station; however, there is no analysis leading to the findings on page 3.1-7 that these residential communities are “removed” from the impact of the proposed facility.

The Poletti market impact study is unreliable for the following reasons:

- Much of the literature cited to support the position that waste transfer stations have no impact on the values of adjoining residential uses is flawed;
- The study does not discuss the hours of operation, the increased traffic expected on local streets and arterials, or whether the facility meets the criteria described in the Kimball and Weaver study cited previously, especially the double fencing and the use of water to minimize dust and odor;
- The study misrepresents the zoning situation of the Timber Creek residential community, which is a legal non-conforming use;
- The study does not consider the potential impact on commercial properties;
- The multiple regression analysis for the Wheeling Waste Transfer Station is flawed in that it includes a higher percentage of 2012 sales in the target and control groups, and it does not take into account the significant differences between the target and control groups, especially the fact that the target area is in an unincorporated area, is not served with Lake Michigan water, and has areas of significant flood hazard;
- The multiple regression analysis for the Elburn Waste Transfer Station is flawed in that the Elburn area is a much more rural area where the residential uses were developed subsequent to the waste transfer station, in that the sales extending over a large range of market conditions, and in that there are areas of the control group that are negatively impacted by an industrial use;
- The multiple regression analysis for the Bluff City Waste Transfer Facility is flawed in that it includes sales extending over a wide range of market conditions, and especially in that portions of the control areas are more significantly impacted by heavy industrial uses than the target area.

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Market Value

When discussing market value, the following definition is used:

The most probable price a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their own best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.²

Scope of Work and Reporting Process

Information was gathered concerning the real estate market generally and the market in the area surrounding the proposed development specifically. The uses in the surrounding area and the use of the proposed waste transfer station were considered. The following information has been reviewed.

- The Village of Round Lake Park Zoning Ordinance and Map;
- The Village of Round Lake, the Village of Hainesville, and the Lake County comprehensive plans;
- Siting application dated May 2013, including specifically the Lannert Group and the Poletti and Associates reports;
- Data on the market for single-family manufactured houses in the immediate and general area of the proposed development from the Northern Illinois Multiple Listing Service (MLSNI).
- Michael S. MaRous and Anita Rifkind inspected the proposed transfer station site and the surrounding area on September 5, 2013.

This document conforms to my understanding of the requirements under Standard Rule 4 of the *Uniform Standards of Professional Appraisal Practice and Advisory Opinions* (USPAP). This letter is a brief

² (12 C.F.R. Part 34.42(g); 55 Federal Register 34696, August 24, 1990, as amended at 57 Federal Register 12202, April 9, 1992; 59 Federal Register 29499, June 7, 1994)

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recapitulation of the appraisal data, analyses, and conclusions; additional supporting documentation is retained in the MaRous and Company office file. There are no extraordinary assumptions or hypothetical conditions included in the appraisal consulting assignment.

Description of Property, Nearby Uses, and Proposed Waste Transfer Station

The proposed waste transfer facility is located at the northeast corner of the intersection of Belvidere Road (Illinois Route 120) and Porter Drive in Round Lake Park, Illinois. The site is currently vacant. Uses in the area along Belvidere Road are a mix of light industrial, secondary retail, and undeveloped parcels. There is a small recycling facility to the east of the proposed waste transfer site on the north side of Belvidere Road. Uses north on Porter Road are either vacant parcels or industrial uses. Belvidere Road is a narrow, two-lane, asphalt-paved arterial without curbs or gutters. Porter Drive is also two lanes, and connects Belvidere Road with Illinois Route 134 to the north.

Groot proposes the construction of a 27,800-square-foot waste transfer station and a scale house that will handle 750 tons of waste per day. Screening is planned along both Porter Drive and Belvidere Road, including berms and landscaping. Roadway improvements also are planned for this intersection.

Hours of operation are 4:00 A.M. to 8:00 P.M. on weekdays, and 4:00 A.M. to noon on Saturdays; the facility will be closed on Sundays. Only municipal waste, landscape waste, and recyclable materials will be accepted.

The KLOA traffic study estimates 111 collection trucks, 32 transfer trailers, and miscellaneous traffic for a total of 163 vehicles that will enter and exit the site on a daily basis. These figures are based on 750 tons of waste.

Lannert Group Land Use and Planning Analysis

A report dated May 2013, and signed by J. Christopher Lannert, President, is included as Section 3.1 of the application for the proposed transfer station. This report analyzes the surrounding land uses and zoning districts and draws the conclusion that the proposed waste transfer station “minimizes the impact on the character of the surrounding area and satisfies the requirements of 415 ILCS 5/39.2(a)(3).”

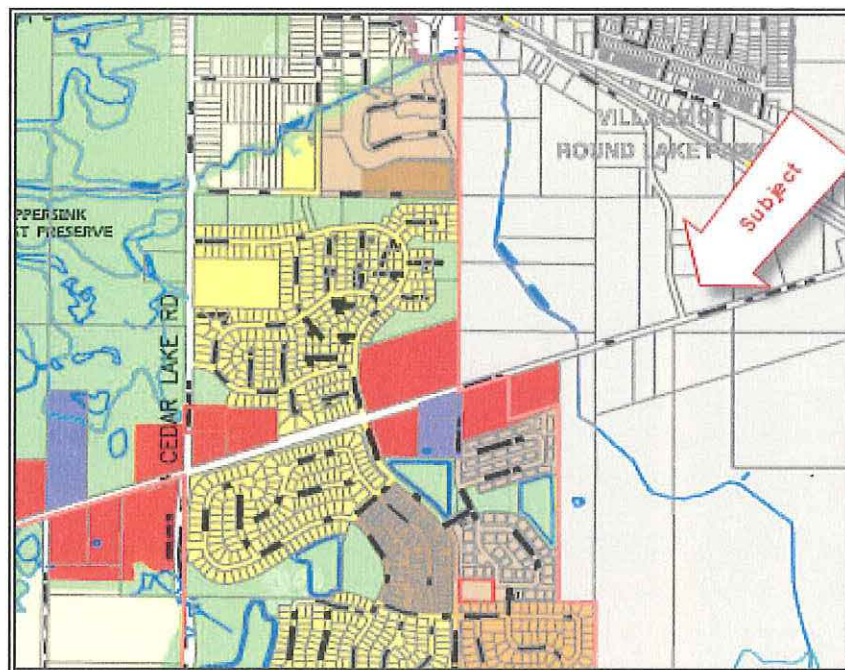
However, among the findings in the executive summary and on page 3.1-12 are the following broad conclusions:

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1. "The character of the immediate area surrounding the site has been defined by industrial uses that have been established over the past years. The proposed transfer station development will not alter this existing land use pattern."
2. "Open space and industrial land uses account for 59% of the area within a one-mile radius of the proposed site."
3. "No residential zoned property is located within the 1,000' setback requirement of 415 ILCS 5/39.2(a)(3)."
4. "Residential uses account for 37% of the study area and occur within established neighborhood areas; removed from any major impact of the proposed transfer station."

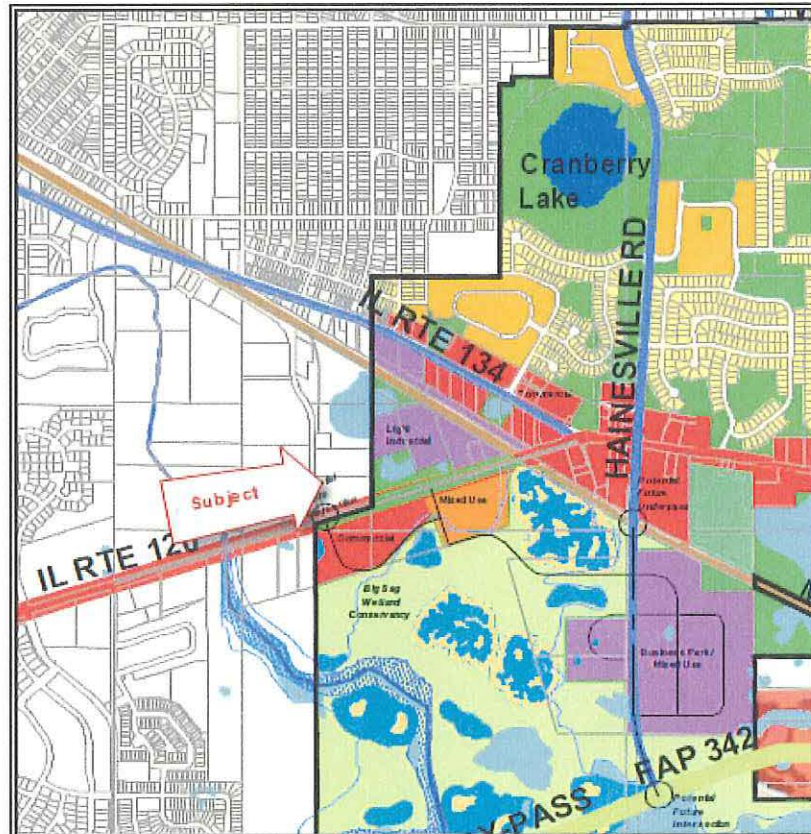
The first conclusion cited addresses the trend of development in the area. However, this issue is discussed in a single sentence at the bottom of page 3.1-9. The report does not discuss new development within a 1-mile radius of the proposed waste transfer station. Nor does it discuss the comprehensive plans of the surrounding communities that could be impacted by the proposed waste transfer station. In fact, the first paragraph under "8. Findings" on page 3.1-12 does not indicate that the comprehensive plans of the adjoining communities were included in the Lannert analysis.

The following excerpt from the Village of Round Lake 2006 Comprehensive Plan indicates that both sides of Belvidere Road, (Illinois Route 120) immediately west adjacent to Round Lake Park are planned for commercial development.



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The following excerpt from the Village of Hainesville 2010 Comprehensive Plan indicates that commercial use and mixed uses are planned for the south side of Belvidere Road, (Illinois Route 120) immediately south adjacent to the proposed waste transfer station. Light industrial uses are planned to the east.



The Lannert report does not address the lack of compatibility of a waste transfer station with the planned commercial and/or mixed development along Belvidere Road. Nor does the report discuss the impact of the significant increase in truck traffic on the roads surrounding the proposed facility.

The second conclusion cited is based on adding the percentage of industrial uses (4 percent) to the percentage of open space uses (55 percent) within a 1-mile radius of the proposed transfer station. This leads to the false representation that industrial uses are well established within the area. However, one could as easily add the percentage of residential uses (37 percent) to the open space uses, and thus make the case that 92 percent of the uses in the area are incompatible with a waste transfer station. Further, one

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could as easily add the percentage of commercial uses (4 percent) to open space uses and make the case that commercial uses are well established in the area.

Furthermore, the Lannert report does not address whether the few existing industrial uses are characterized as either “light” or “heavy” industrial uses. Under some circumstances, a waste transfer facility could be considered incompatible with even other industrial uses.

The third conclusion cited makes the case that there is no residential-zoned area within the 1,000-foot setback required by the statute. However, nothing in the report addresses the fact that there are residential *uses* situated nearly within the 1,000-foot required setback; the closest point of Timber Creek is approximately 1,038 feet to the northwest of the proposed site.

The fourth conclusion cited is somewhat confusing. It appears to be related to a finding on page 3.1-7 which states “Residential uses account for 37% of the one mile study area (sic) and occur within historically established neighborhood areas and recent master planned communities and are removed from the impact of the proposed facility.” I note that the executive summary language is slightly different, stating that the communities are removed from any “major impact” of the proposed facility. By making this statement, the report acknowledges that there are both residential areas that have been established for many years and newer residential communities that are proximate to the proposed transfer station, and the executive summary appears to acknowledge that there will be some impact, however, not “major.” Neither the executive summary of the findings or the analysis leading to the findings on page 3.1-7 state exactly how these established residential communities are “removed” from the impact of the proposed facility.

The overall conclusion of the Lannert report on page 3.1-13 that the proposed waste transfer facility “minimizes the impact on the character of the surrounding area...” is not well supported for the reasons cited.

Poletti and Associates Real Estate Impact Evaluation

A report dated May 10, 2013, and signed by Peter J. Poletti, Jr., Ph.D., MAI, President, is included as Section 3.2 of the application for the proposed waste transfer station. The Poletti report begins with a discussion of a number of studies of the impact of waste transfer on

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surrounding property values. The *Appraisal Journal* article from 1983 was designed primarily to assist appraisers in conducting their own studies of such facilities, and specifically states:

While results of one study in a specific geographic area cannot be generalized, they are of interest. After evaluation of solid-waste transfer facilities throughout Texas, our conclusion was that a properly designed and managed facility has little or no impact on any site, especially in an industrial park. On the other hand, poorly designed or managed facilities do have an impact.

Certainly Poletti takes the conclusions out of context by generalizing those conclusions in this case. Further it is of significance that the Kimball & Weaver article defined properly designed and managed facilities as being “double fenced (a fence close to the building to catch blowing trash and some sort of per miter screen as a second barrier)” and as having “fire hoses (that) are frequently used for odor control.” Poletti does not indicate whether this proposed waste transfer station will have such controls. The recommendations of the Kimball & Weaver article include comments on traffic, which also are not addressed by Poletti.

Poletti cites the William A. McCann and Associates (McCann) study of the proposed BFI DuKane transfer station at Powis Road and North Avenue in West Chicago. The specific target and control areas included in the McCann study are not described in the Poletti summary. The validity of the McCann conclusions is highly dependent on the selection and property analysis of the properties within the target and control areas selected.

Poletti also cites the Intergra Realty Resources (IRR) 2003 study for a recycling and waste transfer facility at Powis Road and North Avenue, and the 2004 study for the proposed Bluff City waste transfer facility. I previously have reviewed these specific studies, which use basically the same existing facilities in Northbrook and Rolling Meadows, and found significant issues with both the general methodology used in developing the value impact study, and with the analysis of the data. By way of example, the large target and control areas could both mask and invalidate the comparison between the two groups, and the control areas were negatively impacted by other dissamenities proximate to them.

Poletti seems to indicate that the 2005 IRR study for the proposed Northlake waste transfer facility was similar to the two previous studies, and therefore, is likely to suffer from the same weaknesses.

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The Poletti description of the proposed waste transfer facility on page 8 and the “Features to Minimize the Effect on Property Value” on page 14, do not discuss the hours of operation, the increased traffic expected on local streets and arterials, or whether the facility meets the criteria described in the Kimball and Weaver study cited previously, especially in regard to the double fencing and the use of water to minimize dust and odor.

In the last full paragraph on page 14, Poletti states that “the most proximate residential areas are an industrially zoned mobile home park...” This somewhat misrepresents the situation in that the Timber Creek residential community is a good-quality stable community and is a legal, non-conforming use within the I-1, Industrial District.

The Poletti study does not consider the impact on any values other than residential land uses.

The Poletti market impact analysis consists of a multiple regression analysis of three existing waste transfer facilities. Poletti employs a traditional multiple regression analysis which requires careful selection of target and control areas, in which the target area is that considered to be potentially impacted by the dissamenity being studied, and the control area is an area of similar properties upon which there is no potential impact. As with any market analysis, the selection of these areas and the properties within them are critical to developing reliable opinions. Poletti does not use a rank transformation regression, where properties within target and control areas are further analyzed to select only the most similar properties within the areas. The rank transformation regression analysis is generally considered to develop more accurate results.

Glenview Waste Transfer Station

This study is of the residential target area located on the west side of River Road north of Gregory Street, and south of Kensington Road, in unincorporated Cook County. The target area is located north and west of the Wheeling Waste Transfer Facility which is located at 3 Province Drive, Glenview, Illinois. This area is compared to a control area located further north, on the west side of River Road, between Kensington Road and Euclid Avenue, located within the village of Mount Prospect. Nothing in the Poletti analysis addresses the difference that a location in an incorporated area might have on value.

Poletti states that foreclosures and short sales were eliminated from the data. However, there is no discussion of the difference in the number and percentage of foreclosures between the two areas.

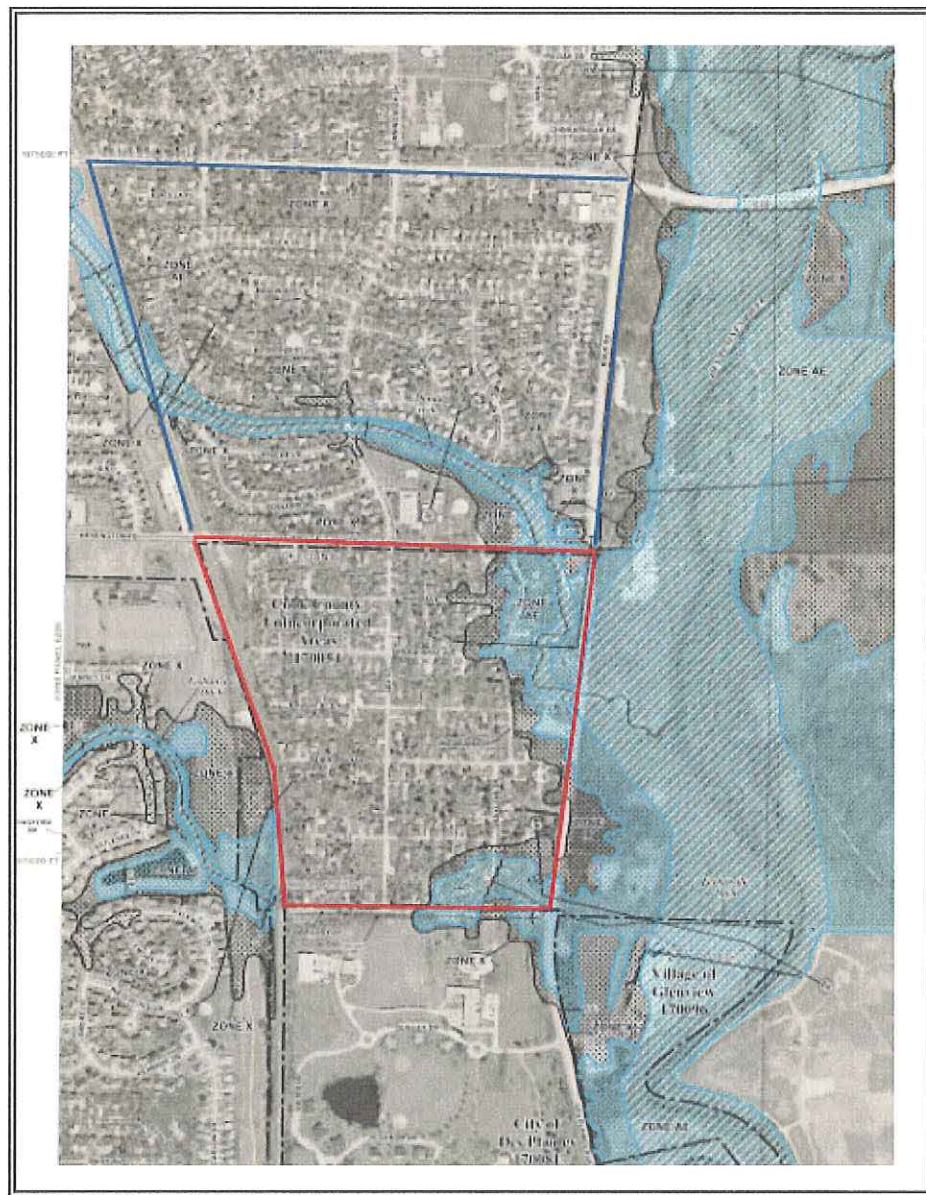
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Moreover, the market in 2010 and 2011 was significantly weaker in these areas than it was in 2012. The 2012 sales in the target area comprise a higher percentage than the 2012 sales in the control area.

Midwest Real Estate Data (MRED) reported that sales in the target area are most often served by private well water, not Lake Michigan water, and that some are served by septic systems, not municipal sewer systems. The target area, within the village city limits, has public sewer and Lake Michigan water. Nothing in the Poletti analysis addresses the difference that having public utilities might have on value.

Furthermore, as the following excerpt from the Flood Insurance Rate Map Panel 17031C0209J indicates, the target area (outlined in red) has a number of blocks that are significantly impacted by areas that are within a flood hazard area associated with the Des Plaines River which the control area (outlined in blue) does not.

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These significant differences between the target and the control areas make any statistical comparison between them unreliable. Moreover, it is illustrative of the problems of the multiple regression analysis that the target area is significantly inferior to the control area given its unincorporated status, lack of Lake Michigan water, and propensity for flooding, and that there is no diminution in value.

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Elburn Waste Transfer Station

This study is of a residential target area located approximately 2,500 feet southeast of the Elburn Waste Transfer Station. The target area for this facility is more than twice the distance from the nearest residential property compared to the proposed Round Lake Park Waste Transfer Station.

On page 21, Poletti notes that the waste transfer station was already in operation at the time the subdivision was developed, indicating that the purchasers in both the target and control areas were aware of its existence. This is a different situation than that which exists with the proposed waste transfer station. Furthermore, this is a much more rural area than the Round Lake Park location.

As with the Wheeling Waste Transfer Facility previously discussed, Poletti uses data from a broad range of sale dates, including in this instance data from 2007, 2008, 2009, 2010, 2011, and 2012. Economic conditions in 2012 are distinctly different from the sales at the depth of the recession, and there is no discussion of the number of such sales between the target area and the two control areas. Again, although foreclosures and short sales were removed from the data set, there is no discussion of whether there were similar numbers of such sales in the target area versus in the two control areas.

Finally, the data from the two control areas are lumped together in the multiple regression analysis, despite the fact that some of the houses in the control area located directly south of target area also adjoin an industrial use, including a rather large fuel storage tank as is illustrated in the following aerial photograph.

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Bluff City Waste Transfer Station

The third study is of a residential target area located in Bartlett, and east of the Bluff City Waste Transfer Station located in Elgin. The closest portion of the target area to the waste transfer facility is approximately twice as far as the nearest residential area to the proposed Round Lake Park waste transfer facility.

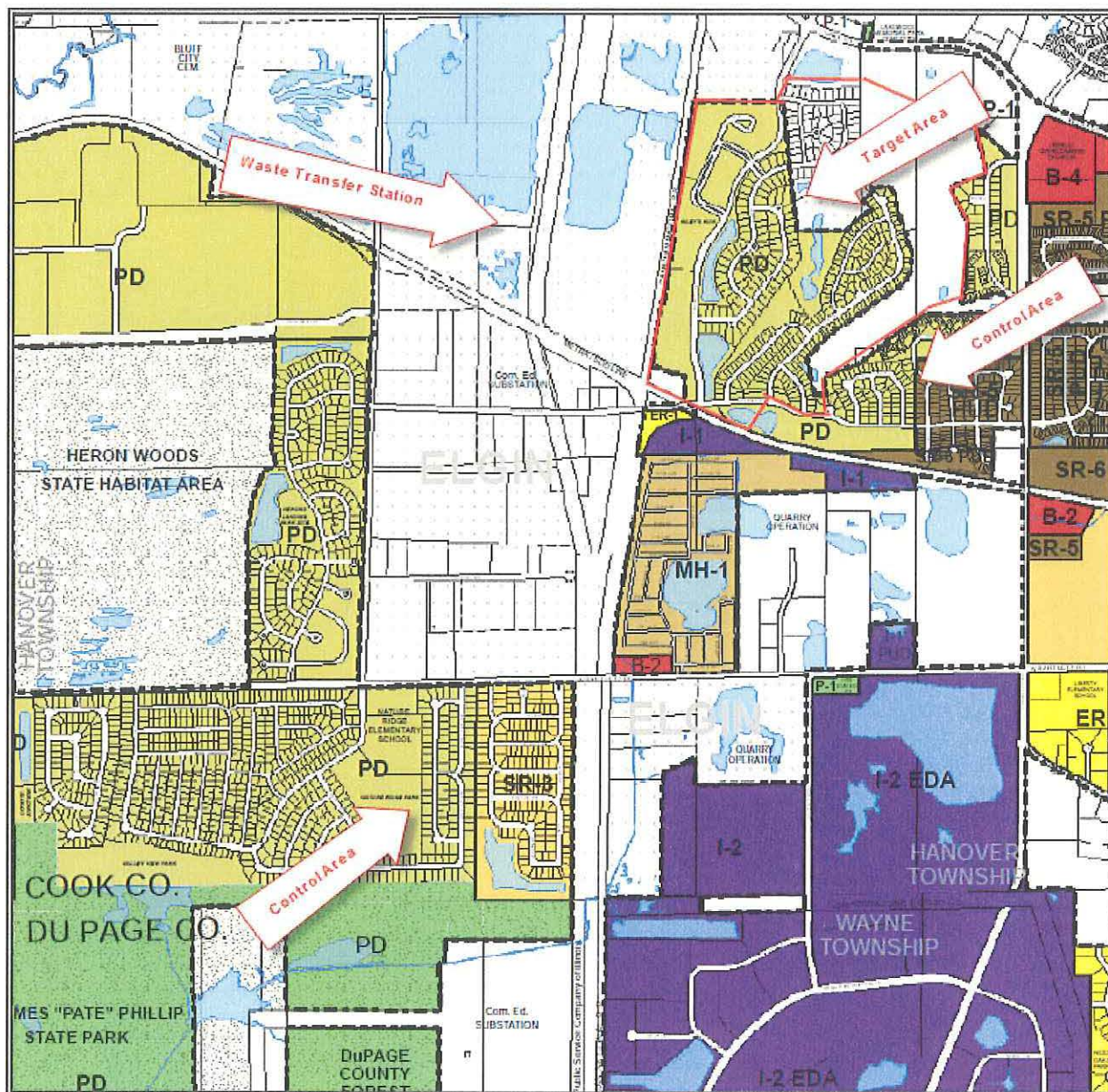
As with the other study areas, the sales considered include the worst years of the recent recession, as well as sales in 2012.

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There are significant issues with the selection of the target and control areas for this study. Portions of the northernmost control area actually are closer to the waste transfer facility than portions of the target group, and are north adjacent to a quarry operation. The closest portions of the control area are approximately 535 feet from the quarry. Portions of the southern control area also are proximate to industrial uses and are west adjacent to Commonwealth Edison high-tension wires, and to another quarry operation beyond that. The closest houses are less than 900 feet from the quarry. Because both the target and control areas are impacted by heavy industrial uses, and some by Commonwealth Edison high-tension wires, it would be impossible to draw a conclusion regarding the impact of the waste transfer facility on the target group, which in some ways was less impacted by industrial uses than the control group.

The following excerpt from the Village of Bartlett zoning map illustrates the location of these neighborhoods relative to the Commonwealth Edison high-tension wires and the quarry.

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The conclusions of the Poletti market impact analysis are not well supported for the reasons cited.

Overall Conclusions

The Lannert Group land use analysis is unreliable for the following reasons:

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- The report did not include an analysis of the comprehensive plans of the adjoining communities which indicate that commercial development is planned for Belvidere Road;
- The report does not discuss the impact of the significant increase in truck traffic on the roads surrounding the proposed facility;
- The report adds the percentage of industrial uses (4 percent) to the percentage of open space uses (55 percent) within a 1-mile radius of the proposed transfer station, leading to a misleading representation that industrial uses are well established within the area;
- The report does not address whether the few existing industrial uses are characterized as either “light” or “heavy” industrial uses;
- The report does not address the fact that there are residential *uses* located nearly within the 1,000-foot required setback; the closest point of the Timber Creek residential subdivision is approximately 1,038 feet to the northwest of the proposed site; and
- The report acknowledges that there are residential areas proximate to the proposed transfer station; however, there is no analysis leading to the findings on page 3.1-7 that these residential communities are “removed” from the impact of the proposed facility.

The Poletti market impact study is unreliable for the following reasons:

- Much of the literature cited to support the position that waste transfer stations have no impact on values of adjoining residential uses is flawed;
- The study does not discuss the hours of operation, the increased traffic expected on local streets and arterials, or whether the facility meets the criteria described in the Kimball and Weaver study cited previously, especially the double fencing and the use of water to minimize dust and odor;
- The study misrepresents the zoning situation of the Timber Creek residential community, which is a legal non-conforming use;
- The study does not consider the potential impact on commercial properties;
- The multiple regression analysis for the Wheeling Waste Transfer Station is flawed in that it includes a higher percentage of 2012 sales in the target and control groups, and it does not take into account the significant differences between the target and control groups, especially the fact that the target area is in an unincorporated area, is not served with Lake Michigan water, and has areas of significant flood hazard;
- The multiple regression analysis for the Elburn Waste Transfer Station is flawed in that the Elburn area is a much more rural area where the residential uses were developed subsequent to the waste transfer station, in that the sales extend over a large range of market conditions, and in that there are areas of the control group that are negatively impacted by an industrial use;

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- The multiple regression analysis for the Bluff City Waste Transfer Facility is flawed in that it includes sales extending over a wide range of market conditions, and especially in that portions of the control areas are more significantly impacted by heavy industrial uses than the target area.

The purpose of this appraisal consulting assignment³ is to review the reports prepared by the Lannert Group and Poletti and Associates addressing the third IEPA siting criterion which requires that the "the facility is located so as to minimize incompatibility with the character of the surrounding area and to minimize the effect on the value of the surrounding property."


This consulting report has been prepared specifically for your use in representing your client in a legal matter. Any other use or user of this report is considered to be unintended.

Respectfully submitted,

MaRous & Company



Anita Rifkind
Associate Appraiser



Michael S. MaRous, MAI, CRE
Illinois Certified General - #553.000141 (9/15 expiration)

3 Appraisal consulting is defined in the Uniform Standards of Professional Appraisal Practice, effective January 1, 2008, page U-1, as "the act or process of developing an analysis, recommendation, or opinion to solve a problem, where an opinion of value is a component of the analysis leading to the assignment results."

CERTIFICATION

I do hereby certify that, to the best of my knowledge and belief:

1. The statements of fact contained in this report are true and correct;
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, conclusions, and recommendations;
3. I have no present or prospective personal interest in the property that is the subject of this report and no personal interest with respect to the parties involved;
4. I have performed no other services, as an appraiser or in any other capacity, regarding the property this is the subject of this report within the three-year period immediately preceding acceptance of this assignment.;
5. I have no bias with respect to the property that is the subject of the work under review or to the parties involved with this assignment;
6. My engagement in this assignment was not contingent upon developing or reporting predetermined results;
7. My compensation for completing this assignment is not contingent upon the development or reporting of predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal consulting assignment;
9. My analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the *Uniform Standards of Professional Appraisal Practice*;
10. I have made a personal inspection of the subject of the work under review;
11. Anita Rifkind provided significant appraisal review assistance to the person signing this certification;
12. The reported analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Foundation;
12. The use of the report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives; and
13. As of the date of this report, Michael S. MaRous, MAI, CRE, has completed the continuing education requirements for Designated Members of the Appraisal Institute.

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Michael S. MaRous, MAI, CRE

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