



CITY COUNCIL AGENDA ITEM MEMO

MEETING DATE:	SEPTEMBER 26, 2016
RESPONSIBLE STAFF MEMBER:	MITCHELL E. BAIR, AICP, CITY MANAGER
ITEM:	UPTOWN TIF PROGRAM ORDINANCE AMENDMENT
STRATEGIC PLAN GOAL(S):	GOAL #4: " <i>STRONG & DIVERSE ECONOMY</i> ", AND GOAL #8: " <i>VIBRANT UPTOWN</i> "
RECOMMENDATION:	DISCUSSION AND APPROVAL
ATTACHMENT(S):	ORDINANCE

Attached please find the recommended amendatory language to Ordinance #4203 (technically this ordinance will be repealed and replaced). This ordinance was last modified via legislative adoption on March 9, 2009. The recommended amendments to the ordinance reflect discussions between the City Council as well as the Uptown Development Commission, Planning Commission, and City Staff members. The changes are reflected in the text, with a sidebar commentary, as follows:

1. Additions: reflected in ***Bold Blue Font***, and
2. Deletions: reflected in ~~***Strikethrough Red Font***~~.

Significant amendments include the following:

1. The intent is clarified to include a purpose and to focus on the program rather than application requirements;
2. The program goals are clarified and overtly stated to provide linkage to the stated intent;
3. The information that is required to be submitted is clarified as well as the ability to require more or less information at the discretion of the City Manager;
4. The City Manager is established as the program's staff liaison;
5. The total project cap is established at \$200,000 which includes both the Facade and Structural Program and the Life Safety and Fire Code components together. The program is also required to be for the whole project and does not permit phasing the project in segments, thereby eliminating "nickel and diming";
6. Evaluation criteria are included establishing objective financial goals and general aesthetic and character items;
7. Recording of liens is mandatory for all incentive awards;
8. The minimum amount of the award requiring significant financial and business information was lowered from \$15,000 to \$5,000;
9. A city inspection is required to verify structural and code deficient items identified for the project; and
10. The requirement to adhere to all City codes and ordinances prior to reimbursement is overtly stated.

This item will appear under "New Business" for discussion, and, should the proposed changes be acceptable to the City Council, will be requested for the ordinance to formally be adopted. Should the City Council deem further changes necessary to the proposed ordinance, the item will be brought back under "Old Business" at the October 11th regular City Council meeting for final legislative action.

ORD. #4203 AMENDMENT: UPTOWN TIF PROGRAM

A. The City adopts the following guiding ~~procedures~~ requirements herein to be ~~followed-utilized in the processing of applications~~ **deliberating the merits of requests** for Tax Increment Financing (TIF) funds. ~~The guidelines for the Uptown Collinsville District~~ with the specific intent of aiding the economic development and market for this area through gaining substantial code compliance, increasing life safety, and enhancing the aesthetic and design character of the area. These requirements are intended to be followed as nearly as practicable, ~~given while~~ **considering** the circumstances of each individual application. ~~and~~ The City reserves the right to depart from ~~the guidelines~~ **these requirements based on the merits and specific considerations of each individual application, as well as what may be determined to be in the best interests of the City.** Among other considerations, TIF funds shall be granted, **regardless of the level of code compliance, enhanced life safety, and aesthetic improvements,** based on the project's **demonstrated** ability to ~~increase sales tax revenue; increase property tax revenue; create and/or retain jobs; improve value of property; and/or provide for improvement of the local economy and the community:~~

1. **Increase sales tax revenue;**
2. **Increase property tax revenue;**
3. **Create and/or retain jobs;**
4. **Improve property values;**
5. **Contribute to the unique architectural and design character of the Uptown area; and/or**
6. **Otherwise serve the best interests of the City as determined by the City Council.**

B. **Uptown** ~~Downtown~~ TIF Program Applications:

1. The applicant shall make written application on forms furnished by the City, **as well as submit any other information or documentation requested by the City Manager or his designee.** Applications ~~must~~ shall include **at a minimum** the consent of all property owners to each of the provisions herein, **and shall include the required information to support the stated economic goals and increase code compliance, life safety compliance, and aesthetic value;**
2. The application shall be ~~submitted forwarded~~ to the **City Manager's** ~~Community Development~~ office for processing. The **City Manager** ~~Community Development Director~~, or his designee, shall review the application **and take the following action(s):**
 - a. require more information from the applicant if necessary; **and/or**
 - b. negotiate with or make suggestions to the applicant. ~~consult with the Downtown Economic Revitalization Commission in all projects over \$15,000, projects with façade components or as deemed necessary; and, make a written~~

The intent has been clarified to reflect the intent of the program. Supplementary language deemed not necessary to the intent was removed.

The goals of the program are specifically stated. This brings a level of objectivity into administering the program and deliberating the merits of incentive consideration. While a specific matrix was deliberated, the application of the matrix is confining and limiting to the point of being inconsistent and unfair. This approach provides rigidity in theory, and flexibility in application.

This information is not required for every application, but the City Manager may require any information deemed critical to the evaluation of the requested incentive award.

Applications are processed by the City Manager's office; they were formerly processed by Community Development. This change reflects the current organization of City Hall.

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~~recommendation to the City Council to approve or disapprove the application in whole or in part, or as modified or amended.~~

- c. **Applications may be forwarded to the Uptown Development Commission (UDC) to review for adherence to the program requirements and recommendation to the City Council. For the applications it reviews, the UDC shall make a formal written recommendation to the City Council to approve or disapprove the application in whole or in part, or as modified or amended;**
- d. ~~The City's Downtown TIF Program shall be limited to the correction of health and safety problems, renovation, rehabilitation, and repair to the inside or outside of existing buildings, structures and/or surrounding property.~~ The maximum disbursement from the City for ~~the total of all projects~~ **an individual project total, absent a separate development agreement**, within the ~~downtown~~ Uptown TIF program is **Two Hundred Thousand Dollars (\$200,000.00)** over a ~~five~~ four-year period. **This total amount shall include all incentive awards for the project in total and shall not be discounted by separating individual award items. Absent a significant and legitimate rationale, separate and subsequent requests shall be denied.**

C. The City's **Uptown** ~~Downtown~~ TIF Program shall include the following two program types:

- 1. Structural Rehabilitation and Façade **Improvement** Program:
 - a. For permanent improvements, except as provided herein, the City may fund a project for no more than forty percent (40%) of the total **eligible** project costs.
 - b. Such funding shall not exceed Two Hundred Thousand Dollars (\$200,000.00), **for items eligible under and qualifying for the Structural Rehabilitation and Façade Improvement Program**, unless otherwise agreed to by the City Council **in the form of a specific development agreement**.
 - c. The City's participation may be in the form of a loan, grant, or a combination thereof **as determined appropriate by the City**.
 - d. Building rehabilitation loans may be amortized up to **ten** (10) years with an interest rate **of** up to **five percent** (5%), but all loans must be paid in full by December 31, ~~2021~~ **2020**.
 - e. Owners/contractors must adhere to **any and all strict statutory** prevailing wage requirements and ~~must~~ **shall** disclose this mandate on all construction-related contracts **as applicable** to be eligible for TIF funds **reimbursement**.
 - f. **Eligible projects costs shall be classified as permanent**

The option of review of the UDC is included within this section.

The total project cap is clarified as a total of \$200,000 for the entire incentive package for the entire project. This eliminates segmenting a project into phases to avoid the City being "nickel and dimed".

Total "eligible" project costs is clarified as the limiting factor for award reimbursement consideration.

Statutory prevailing wage requirements are stated to be followed when applicable.

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improvements ~~are~~ based upon the building/**structure** ~~rather than the particular business~~ and shall include, but not be limited **solely** to:

- i. Electrical Upgrades;
- ii. ~~Alarm system installations;~~
- iii. Structural ~~and other~~ repairs;
- iv. Second story rehabilitations;
- v. ~~a. Building exterior lighting;~~
- vi. ADA compliance;
- vii. Roof ~~and other building~~ repairs;
- viii. Awning/**canopy** installation or repair;
- ix. ~~Sign replacement or removal;~~
- x. Tuckpointing;
- xi. **Structural** window ~~trim painting or~~ repair;
- xii. ~~Storefront/façade rehabilitation or restoration;~~
- xiii. ~~Removal of false façade;~~
- xiv. ~~General painting or paint removal; and~~
- xv. **Façade improvements (hereby referring to any façade, including the front, side, or rear façade, that impacts the public view shed); and/or;**
- xvi. Architectural services (**provided this is deemed by the City Council as a qualifying and eligible expense as related to a specific project and that the services make a positive contribution to the design character and quality of the project and the Uptown area).**

- g. **All projects that are requesting incentives shall be inspected by the Chief Building Official, or his designee, prior to application to certify the existing conditions of the building.**

2. Fire Safety Code Assistance Program:

- a. For permanent improvements ~~to be made for compliance with~~ directly related to increasing the Life and Fire Safety Code compliance of said building, and provided that said improvements are deemed to be required by said codes through a finding of the appropriate code official, ~~by the installation of a fire safety system~~ the City may fund a project for no more than ninety percent (90%) **of the most cost effective and appropriate means to meet compliance.**
- b. **Such** funding shall not exceed Ninety Thousand Dollars (\$90,000.00), unless otherwise agreed to by the City Council **in the form of a separate and distinct development agreement.**
- c. **Said Ninety Thousand Dollar (\$90,000.00) project funding limit shall count toward the maximum overall**

Total "eligible" project costs were specifically clarified based on the intent of structural stability and code compliance.

An inspection by the City to certify defective and code deficient conditions is required as part of the application process.

Any items related to Life & Fire Safety Code compliance are required to be deemed necessary by the appropriate code official as well as being found to be the most cost effective and appropriate remedy for compliance.

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total project award cap of Two Hundred Thousand Dollars (\$200,000.00).

D. Funding by the City shall be in consideration of the following criteria associated with the project:

1. Uniqueness of the project within the Uptown market area;
2. Contribution to the enhancement and advancement of the Uptown commercial environment;
3. Annual sales tax increase;
4. Annual property tax increase;
5. Jobs created;
6. Wages/salaries of jobs created;
7. Development impact on the Uptown area;
8. Residential units created; and
9. Square footage of the project.

E. Funding by the City shall be made ~~upon proof of completion of the project with the schedule of payments for improvements being subject to the approval of the City Council~~ Completion shall be effective only upon: (i) written certification by the applicant to the City, and (ii) by delivery of lien waivers from any persons providing materials, labor, or services for the improvement project. contingently, according to the following procedures and stipulations:

1. The City Council shall approve the award prior to the commencement of any on-site improvements or construction activities;
2. The applicant shall be required to demonstrate compliance with all relevant City codes and ordinances;
3. The applicant shall be required to complete and submit to the City the "Substantial Completion" form for the project; and
4. All receipts shall be required for all items identified in the award, and the actual amount reimbursed must be consistent with the submitted receipts for the project.

F. Applicants who apply for TIF funds totaling more than Five Thousand Dollars (\$5,000) ~~\$15,000~~ must shall adhere to the following, when the City deems appropriate and critical to consideration of the request:

1. ~~Sign a waiver for the City to obtain all~~ Submit all requested **income tax returns**, financial information from banking institutions, credit checks, and police background checks, **when deemed necessary by the City Manager**;
2. Submit a completed business plan to the City;
3. Submit architectural renderings of **major** proposed building/site changes; and
4. Agree to submit the following no later than March 31 each year

The maximum award cap of \$90,000 is established where any excess requires a development agreement. Clarification is also provided that the \$90,000 cap is part of, and counts toward, the overall project cap of \$200,000 for Uptown TIF awards.

The objectives to be applied to considering incentives for a project are specifically called out and clarified. Again this reflects the desire to incorporate a more objective means to determine the merits of a project and its funding level.

The procedural rules are further clarified in this section.

The limit for awards was reduced to \$5,000 to require the relevant information.

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for a minimum of **seven** (7) years after the year of award:

- a. **Employment data,**
- b. Tenant lease rates,
- c. Occupancy rate,
- d. Annual sales tax amounts for all businesses located in the building,
- e. Real estate tax, **and**
- f. Other revenues and **financial information** as **deemed** applicable **by the City.**

- G. The applicant and property owner (**if different**) shall ~~must agree to~~ retain ownership of the property for which TIF funds are **awarded** for a period of four (4) years after **the date of last reimbursement by the City** ~~completion of the project~~. If the property is sold before the completion of **the required** four (4) years, the applicant or owner shall **refund the City for each day of the four (4) year period that ownership was not retained, said amount to be prorated on a per diem basis based on the total amount of TIF funds awarded to the applicant and/or owner** ~~reimburse to the City twenty-five percent (25%) of the funds granted by the City for each partial or full year of the agreement that the owner did not retain ownership after completion of the project.~~
- H. ~~Application and receipt of any TIF funds from the City shall be deemed as consent to the City's recording a lien on the real estate upon which the improvements are made. For a TIF grant, the lien shall be limited to the amount of funds provided by the City for a period of four (4) years after completion of the project. Upon the payment of any TIF award, the City shall record a lien against the subject real estate in an amount equal to the TIF award on the property. For a TIF loan, the lien shall be limited to the balance owed on the loan.~~
- I. **This Chapter creates a grant program to be administered and approved at the sole discretion of the City, including variations from the conditions provided for herein. No party or applicant shall be deemed to have a property right in receiving TIF funds as provided for in this Chapter.**
- J. Violation of this ~~ordinance~~ **Chapter** by the applicant or property owner may be ~~grounds for~~ **remedied by** the City **by** foreclosing its lien as provided for in Article XV of the Illinois Code of Civil Procedure, **as amended.**

The requirement for tax return submittal is contingent on it being deemed necessary by the City Manager to evaluate the award request.

The 4 year ownership requirement begins upon the date of the last reimbursement made by the City for the project.

The recording of a lien for the award amount made for the project is now mandatory and will occur upon final reimbursement payment.