


## MEMORANDUM

**TO:** Scott R. Niehaus, Village Manager

**FROM:** William J. Heniff, AICP, Director of Community Development 

**MEETING DATE:** April 6, 2017

**SUBJECT:** **Proposed Butterfield Yorktown Tax Increment Finance (TIF) District**

Since December, 2016, Village staff has been working collaboratively with the Village's Tax Increment Financing (TIF) consultant Kane McKenna & Associates (KMA) and with Village Counsel to initiate a review of selected properties within southern Lombard for a possible new TIF District. Staff is bringing this matter before the Village Board for consideration and approval of a formal contract with KMA to prepare an Eligibility Study & Report as well as adopting a Reimbursement Resolution.

### **BACKGROUND**

The aforementioned work effort was the result of the Village receiving word that the Northern Baptist Theological Seminary (NBTS) is considering closing their Lombard campus and selling their real estate holdings in the community. A formal announcement of their closing and their intent to sell their property sale is anticipated for April 5, with their intent on closing their facility later in 2017.

Both staff and NBTS recognize the redevelopment challenges associated with the site, including the presence of older and functionally obsolete buildings, lack of sufficient access to accommodate many desired land uses, inadequate infrastructure and planning deficiencies that decrease the site's viability for desirable redevelopment activity. It is highly likely that these challenges would likely stall or severely limit the redevelopment of the property to the detriment of the Village.

In examination of the TIF creation possibility, staff and KMA also analyzed other properties near the NBTS site that could benefit through inclusion in a proposed TIF District. This analysis looked at various qualifying factors, market conditions and future development options to determine which properties would be best to be included or excluded within the proposed TIF boundaries. The culmination of this effort is the draft map depicting the proposed geographical extent of the proposed Butterfield Yorktown TIF District. Key properties for inclusion are:

1. The existing NBTS campus
2. The 747 E. 22<sup>nd</sup> Street office building
3. The Westin
4. The abutting parking lots south of the Westin
5. The JCPenney property
6. A parking field east of the mall in inside the existing ring road

7. The Yorktown Convenience Center
8. Selected parking lot tracts of land along Highland Avenue

Stabilization of property valuations is critical for the long term sustainability of the area. The initial study of recent equalized assessed valuations (EAV) for the proposed study area shows a decline of 35.8% between 2010 and 2015 (from \$13.7 to \$8.8 million). The NBTS site, as a tax exempt entity, has no current assessment value. The study area also has been the subject of excessive vacancies and it is possible that this could increase in the future. Establishing a TIF could create a development incentive tool to offset such possibilities, as the Village has seen in the Downtown Lombard area.

Through this initial study, staff also met with staff from School Districts 44, 45, 87 and 88 as well as the Lombard Park District to introduce the TIF concept. However, as this effort is still in its initial phases, no definitive plans were offered – that activity will occur at a later date. The focus of the meetings was to announce the study effort and identify the study purpose. Staff anticipates that many future meetings will occur over the next few months as the subsequent phases are undertaken.

Attached is the draft schedule of activities that would occur in order to establish the proposed TIF, which was prepared by Village Counsel based upon requisite statutory timelines. Key anticipated dates are:

1. Approve Contract and Reimbursement Resolution – April 6
2. Announce Report Availability – June 15
3. Adopt Ordinance Calling for a Joint Review Board (JRB) meeting – July 20
4. Hold JRB Meeting – August 11
5. Hold Public Hearing – September 21
6. Adopt Final Ordinances to Create TIF – October 19

KMA has also confirmed that they can meet the deadlines for the next phases of the project.

As creating a TIF District is a type of economic incentive, staff will be following the guidance and direction of the Village's Economic and Community Development Committee (ECDC) through the previously adopted Village-wide Economic Incentive Policy for new redevelopment activity.

Lastly, through this process there will be an opportunity for significant public engagement as the steps are undertaken, either through the aforementioned requisite public hearings and meetings, engagement through the ECDC and through any Village Board actions.

The proposal estimated service fees range between \$28,000 to \$31,500, depending on the hourly rates for the proposed work performed. While the General Fund will be used for the immediate payment of such services, the costs associated with the creation of the TIF Eligibility Plan and Project can be assessed to the new TIF District once it is established.

**ACTION REQUESTED**

Staff recommends that the Village Board undertake the following activities as set forth within the tentative schedule for the Butterfield Yorktown TIF District:

1. Approve a motion to Authorizing the Contract with Kane McKenna and Associates for the preparation of the Eligibility Study and Report, and the Redevelopment Plan and Project.
2. Adopt a Reimbursement Resolution for the Project.

**TENTATIVE SCHEDULE  
FOR THE ESTABLISHMENT OF  
THE BUTTERFIELD YORKTOWN TIF DISTRICT**

	<b>Action Item</b>	<b>Date To Be Done</b>	<b>Responsible Party</b>
1.	The Village Board approves a Motion Authorizing the Contract with Kane McKenna, for the preparation of the Eligibility Study and Report, and the Redevelopment Plan and Project	April 6, 2017 (at the regular Village Board meeting)	STAFF
2.	Adopt Reimbursement Resolution	April 6, 2017 (at the regular Village Board meeting)	Resolution Preparation – KTJ
3.	Publish the TIF Interested Parties Registry Notice in the newspaper ( <i>Lombardian</i> )	April 20, 2017	KTJ
4.	Announce the availability of the Eligibility Study and Report, and the Redevelopment Plan and Project	June 15, 2017 (at the regular Village Board meeting)	Supply Report and Plan to STAFF and KTJ – KANE MCKENNA Village President or Village Manager to make the announcement at the Village Board Meeting – STAFF

	<b>Action Item</b>	<b>Date To Be Done</b>	<b>Responsible Party</b>
5.	Adopt Ordinance calling for a Joint Review Board meeting and a public hearing relative to the Eligibility Study and Report, and the Redevelopment Plan and Project, with waiver of First Reading	July 20, 2017  (at the regular Village Board meeting)	Ordinance Preparation – KTJ  Certified Copy of Ordinance to KTJ – STAFF
6.	Mail a copy of the Ordinance referenced in 5. above, the Eligibility Study and Report, and the Redevelopment Plan and Project, along with a notice of the Joint Review Board meeting and the public hearing: <ul style="list-style-type: none"> <li>to all taxing districts (by Certified Mail, return receipt requested); and</li> <li>to the Illinois Department of Commerce and Economic Opportunity (by Certified Mail, return receipt requested)</li> </ul>	July 24, 2017  (within a reasonable time upon adoption of the Ordinance; however, not less than 45 days prior to the Public Hearing, and not less than 14, nor more than 28, days prior to the Joint Review Board meeting)	KTJ
7.	Mail notice, relative to the availability of the Eligibility Study and Report, and the Redevelopment Plan and Project: <ul style="list-style-type: none"> <li>to all residential addresses within 750 feet of the boundaries of the proposed TIF District (by First Class U.S. Mail); and</li> <li>to all parties who are registered on the Village's TIF Interested Parties Registry (by First Class U.S. Mail)</li> </ul>	July 27, 2017  (within a reasonable time upon adoption of the Ordinance)	KTJ
8.	Hold Joint Review Board Meeting	August 11, 2017  (3:00 p.m. in the Village Board Room)	Prepare Agenda – KTJ  Open Meetings Act notice of meeting – STAFF

	<b>Action Item</b>	<b>Date To Be Done</b>	<b>Responsible Party</b>
9.	Publish notice of public hearing in the newspaper ( <i>Lombardian</i> ), twice	August 31, 2017 and September 7, 2017  (twice, with first publication not more than 30, nor less than 10, days prior to the Public Hearing)	KTJ
10.	Mail notice of public hearing: <ul style="list-style-type: none"> <li>to each taxpayer of record within the proposed TIF District (by Certified Mail, return receipt requested); and</li> <li>to all parties who are registered on the Village's TIF Interested Parties Registry (by First Class U.S. Mail)</li> </ul>	September 8, 2017  (at least 10 days prior to Public Hearing)	KTJ
11.	Hold Public Hearing	September 21, 2017  (as part of the regular Village Board meeting)	Prepare Agenda – KTJ  Open Meetings Act notice of meeting – STAFF
12.	Adopt Ordinances designating the TIF District Redevelopment Project Area, approving the Redevelopment Plan and Project, and adopting tax increment financing for the Village, with waiver of First Reading	October 19, 2017  (at the regular Village Board meeting – not more than 90, nor less than 14, days after the Public Hearing)	Ordinance Preparation – KTJ  Three (3) Certified Copies of each Ordinance to KTJ – STAFF  File Ordinances with County – KTJ

March 22, 2017

Mr. William Heniff, AICP  
Director of Community Development  
Village of Lombard  
255 East Wilson Avenue  
Lombard, Illinois 60148-3926

**RE: Proposed Butterfield/Yorktown TIF District**

Dear Mr. Heniff:

Based upon discussions with you, Kane, McKenna and Associates, Inc. ("KMA") is prepared to assist the Village of Lombard (the "Village") in evaluating certain properties located in the area generally bounded by 22<sup>nd</sup> Avenue, Highland Avenue, Butterfield Road and Maxant Drive as set forth in the map attached, within the Village in reference to economic development programs pertaining to the redevelopment and/or improvement of certain properties, such as Tax Increment Financing ("TIF").

Kane, McKenna and Associates, Inc., will provide the following services to the Village.

**CONSULTANT SCOPE OF SERVICES**

**PHASE 1: Finalize TIF Eligibility Report**

**A. Complete Analysis of Village-Proposed TIF Properties**

- 1) KMA will assist the Village staff to confirm boundaries of the proposed redevelopment areas based upon site visits, historic assessed value analysis and results of any analysis presently or previously undertaken by the Village. Village staff may provide assistance relating to GIS maps, land use surveys, and sources of information relating to term of vacancy, utility service, etc.
- 2) Review with the Village the potential pros and cons, costs and benefits, and advantages and disadvantages of viable funding options available, including, but not limited to, programs described below.

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B. Recommendation of Financing Options for TIF Designation

- 1) Provide advice and consultation related to appropriate incentive mechanisms or public financing techniques which could be applied to specific project areas within the proposed TIF. Review "priority areas" identified based upon discussions with Village officials where the proposed TIF is concerned, and how to address deficiencies existing within these locations.
- 2) Determine which tool or combination of tools would be best suited to specific "priority" or other important areas, and how the forms of assistance can work with or against the other, for the TIF.

C. Review and Documentation of TIF Qualification Factors

- 1) Prepare TIF Qualification Report for the site(s) based upon the presence of eligibility factors required under Illinois law. KMA will be available to discuss the findings with the Village prior to completing the report. Also provide advice with respect to potential changes in the Village's comprehensive plan and zoning map to ensure consistencies with land uses proposed for the redevelopment districts.
- 2) Determine whether proposed costs and revenues to be incurred and/or generated from any proposed redevelopment project area(s) are reasonable, feasible and acceptable assumptions for the intended area to be developed.
- 3) Identify for the Village principal strategies for incentives and potential funding mechanisms based upon each potential redevelopment projects' ability to generate property, and/or other incremental taxes to cover anticipated costs and/or debt service requirements.

Phase 1 is expected to be completed prior to May 1, 2017.



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**PHASE 2: Prepare TIF Redevelopment Plan; Coordinate TIF Adoption Process**

A. Preparation of TIF Redevelopment Plan

- 1) Review with the Village the preliminary boundaries for the plan as well as redevelopment goals and objectives.
- 2) Prepare a draft TIF Redevelopment Plan for the area based upon the presence of qualification factors required under Illinois law. KMA will be available to discuss the findings with the Village in meetings prior to completing the report.
- 3) Assist Village to prepare, refine and document the required redevelopment plan and project for the area that satisfy TIF eligibility criteria pursuant to Illinois law.
- 4) In the event that other local financing programs or economic development alternatives may be applicable, KMA would identify these programs and their conditions for use by the Village.

B. Provide TIF Increment and Cost Projections

- 1) Assist Village staff to prepare the preliminary feasibility analysis of potential redevelopment projects incremental revenue (gross and net) and/or costs in order to summarize the potential funding advantages/disadvantages of various strategies.
- 2) Identify for the Village principal strategies for incentives and potential funding mechanisms based upon the potential redevelopment projects' ability to generate property, and/or other incremental taxes to cover anticipated costs and/or debt service requirements.
- 3) Identify issues that may exist if Village and Special Service Area (SSA) uses are combined or overlap. Review funding mechanisms and priorities with Village staff.
- 4) Review with the Village staff pros and cons of funding solely public improvements or considering extraordinary cost and gap financing utilization of TIF funding.

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C.    Finalize Redevelopment Project

- 1)    In conjunction with Village staff, finalize TIF and boundaries for the area, and assist in the process of preparation of the legal descriptions which identify the boundaries for the redevelopment area.
- 2)    Subsequent to the review of the draft redevelopment plan by the Village Board, Village staff, and other taxing districts (if applicable), revise the redevelopment plan sections in order to add relevant comments and/or corrections.

Subsections A. to C. of Phase 2 are expected to be completed before May 31, 2017 as the draft TIF plan will need to be available for the June 15, 2017 Village Board meeting.

D.    Coordinate Joint Review Board (JRB) Process

- 1)    Provide agenda items, draft TIF ordinances, and other materials as required by the TIF Act.
- 2)    Attend JRB meetings as necessary and appropriate.
- 3)    Assist Village staff to respond to JRB requests.
- 4)    Assist Village Attorney to prepare JRB resolutions relating to findings.

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E. Preparation of Notices

- 1) The Village staff and the Village Attorney would be responsible for the preparation of all notices required by the TIF Act and as a result such tasks are not included in the Scope of Services.

F. Attend Public Hearings and Required Meetings

- 1) Assist the Village by participating in the required public hearing, and meetings with all interested and affected parties, including property owners.
- 2) Work with the Village staff to meet all the requirements of Illinois law.

The remainder of Phase 2 is expected to be undertaken between mid-June, 2017 and completed on or before October 31, 2017 (pursuant to the schedule drafted by the Village Attorney).

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**FEES FOR SERVICES**

KMA normally bills for services on an hourly fee basis for the services requested. We find this more prudent for the client – since the client can exercise control on KMA attendance at meetings, involvement in certain implementation tasks, etc. We also believe that it is more prudent for KMA because we can then budget our time and resources most appropriately.

Estimated Fees are found below:

Fees would be charged monthly at the hourly rates set forth below.

**Hourly Rate Breakdown:**

<u>Personnel</u>	<u>Hourly Rates</u>
Chairman/President	\$200.00/Hour
Executive Vice President	\$175.00/Hour
Officers	\$150.00/Hour
Associates	\$100.00/Hour
Research	\$ 60.00/Hour
Administrative	\$ 25.00/Hour

**All such fees could be reimbursed to the Village through TIF revenues.**

Estimated fees are summarized below:

Phase 1	Finalize Eligibility Report	\$5,500 to \$7,500
Phase 2	TIF Redevelopment Plan Adoption Process	\$22,500 to \$24,000

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The estimates above would not include: Certified and other mailing costs, legal description, and newspaper notice/publication costs – these amounts are to be paid by the Village separately.

We look forward to working with you on this Project.

Sincerely,

Robert Rychlicki  
President

AGREED TO:

Robert Rychlicki, President  
Kane, McKenna and Associates, Inc.

3/22/17

Date

Village of Lombard

Date

**RESOLUTION NO. \_\_\_\_**

**A RESOLUTION DECLARING  
THE VILLAGE'S OFFICIAL INTENT  
TO REIMBURSE EXPENDITURES  
[Lombard Butterfield / Yorktown Tax Increment Financing District]**

**WHEREAS**, the Village of Lombard (the "Village") is authorized, under the provisions of the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 *et seq.* (the "TIF Act"), to finance redevelopment project costs, as defined in Section 3(q) of the TIF Act, 65 ILCS 5/11-74.4-3(q), (the "TIF Project Costs"), in connection with redevelopment project areas established in accordance with the requirements set forth in the TIF Act; and

**WHEREAS**, on April 6, 2017, the Village Council of the Village authorized moving forward with a feasibility study under the TIF Act (the "Feasibility Study"), to determine if the area set forth on Exhibit A, attached hereto and made part hereof, (the "Study Area"), may be designated as a redevelopment project area under the TIF Act; and

**WHEREAS**, as a result of the authorization of the Feasibility Study, the Village will be expending funds for TIF Project Costs which, if the Study Area is established as a TIF district pursuant to the TIF Act, would be reimbursable from TIF incremental revenues generated from properties within the Study Area (the "TIF Expenditures"); and

**WHEREAS**, the Village reasonably expects to reimburse itself for said TIF Expenditures from TIF incremental revenues generated by properties within the Study Area (the "TIF Revenues") and/or from the proceeds of debt obligations to be issued by

the Village (the "Debt Obligations") in relation to said TIF Expenditures, should a TIF district be established in the Study Area, in an amount not to exceed \$4,000,000.00; and

**WHEREAS**, the Village, acting on its own behalf, expects to issue Debt Obligations relative to the TIF Expenditures, and to use the proceeds thereof to reimburse itself for, or pay the costs of, the TIF Expenditures;

**NOW, THEREFORE, BE IT RESOLVED** by the President and Board of Trustees of the Village of Lombard, DuPage County, Illinois, as follows:

**SECTION 1:** That the recitals set forth above are hereby incorporated herein by reference and made a part hereof.

**SECTION 2:** That the Village hereby declares its official intent to use the TIF Revenues and/or the proceeds of the Debt Obligations, in an amount not to exceed \$4,000,000.00, for the purpose of paying, or reimbursing the Village for, the TIF Expenditures, and to issue said Debt Obligations in relation thereto.

**SECTION 3:** That the Village reasonably expects to reimburse itself from the TIF Revenue and/or the proceeds of said Debt Obligations, issued by or on behalf of the Village, for costs of the TIF Expenditures paid prior to the receipt of said TIF Revenues or the issuance of said Debt Obligations.

**SECTION 4:** That this Resolution shall be in full force and effect from and after its adoption and approval as provided by law.

**ADOPTED** this \_\_\_\_ day of \_\_\_\_\_, 2017, pursuant to a roll call vote as follows:

**AYES:** \_\_\_\_\_

**NAYS:** \_\_\_\_\_

**ABSENT:** \_\_\_\_\_

**APPROVED** by me this \_\_\_\_ day of \_\_\_\_\_, 2017.

\_\_\_\_\_  
Keith Giagnorio  
Village President

**ATTEST:**

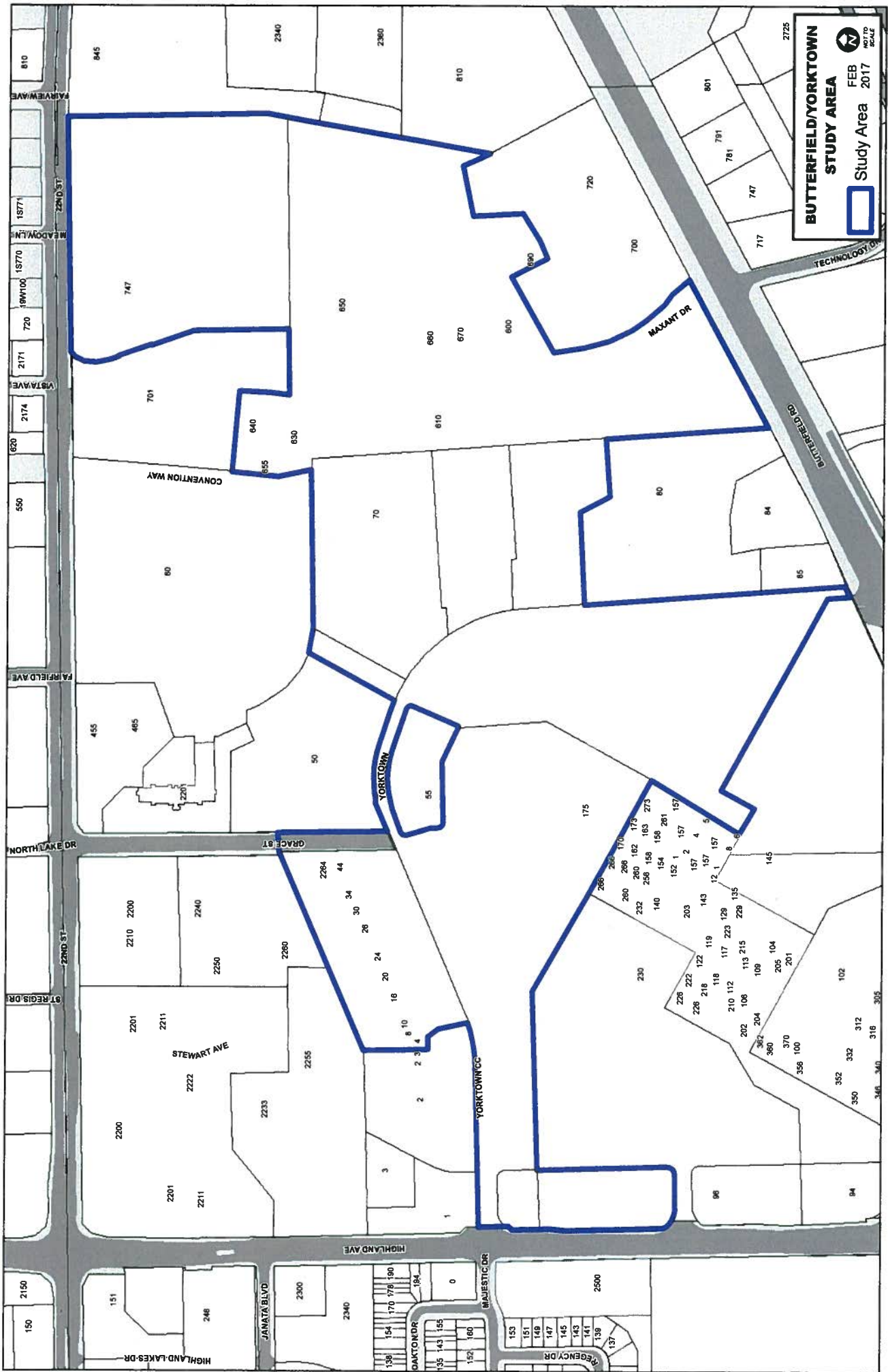
\_\_\_\_\_  
Sharon Kuderna  
Village Clerk



**EXHIBIT A**

**Depiction of the Boundaries  
of the Study Area**

(attached)



**BUTTERFIELD/YORKTOWN**  
**STUDY AREA**  
 FEB 2017  
 Study Area  
 NOT TO SCALE