



KENDALL COUNTY ECONOMIC DEVELOPMENT

Memorandum

To: Audra Hendrix, Economic Development Committee Chair; Economic Development Committee
CC: Scott Koepfel, Acting County Administrator
From: Andrez Beltran, Economic Development and Special Projects Coordinator
Subject: October 2017 Committee Report
Date: 10/20/17

Please find below the report for October 2017 on the items of Economic Development Committee.

Committee Business

Discussion: Yorkville TIF District

The United City of Yorkville is looking to modify and extend their downtown TIF district, established in 2006. The downtown would remove some properties, and extend the TIF until 2041. To do so, all taxing bodies must agree to the extension, and special legislation must be passed in the Illinois Assembly.

In addition, the United City is looking to create a second TIF district in the downtown encompassing the current. The proposed map is included in the packet. For the United City to pass a TIF district, they must create a Joint Review Board made up of the specific taxing bodies, including the County. If the JRB gives a positive recommendation, the United City may pass it with a simple majority vote. If it gives a negative recommendation, the United City must pass it with a 3/5 of the members of the City Council in favor.

City Administrator Bart Olson will be present to give more details and answer any of the Committees questions.

Discussion: Revolving Loan Fund Recapture Strategy in relation to State of Illinois JCAR Administrative Code Title 47, Section 110.360 (c)

State of Illinois JCAR Administrative Code Title 47, Section 110.360 (c) states “Program income retained by the grantee generated from a grant awarded after October 28, 1992 is subject to the Act and 24 CFR 570.” This could be interpreted as conflicting with the DCEO letter and Recapture Strategy.

The State’s Attorney’s Office will have a representative at the meeting to answer questions.

Discussion: Strategic Planning

Staff was directed to continue the Strategic Planning after the Revolving Loan Fund Recapture Strategy was approved. Below is the combined Mission/Vision Statement.

Combined Mission/Vision Statement:



KENDALL COUNTY ECONOMIC DEVELOPMENT

To build a strong diversified economy and enhance quality of life, Kendall County Economic Development will work with local partners to grow the tax base, create and retain jobs, and grow the industries of tomorrow.

Staff has included some questions to finalize the goals and objectives of portion. The plan is to have strategic planning completed by the end of the year.

Updates and Reports

Revolving Loan Fund

- *Update: Monthly Loan Statements*

The statements for September are in the packet. There is currently \$1.7 million available to loan.

KENDALL COUNTY ILLINOIS

Economic Development Committee

Meeting Minutes
Friday, September 15, 2017

Call to Order

The meeting was called to order by Chair Audra Hendrix at 9:05 a.m.

Roll Call

Committee Members Present: Chair Audra Hendrix, Lynn Cullick, Matt Kellogg, Scott Gryder
Committee Members Absent: Elizabeth Flowers,

Staff Present: Andrez Beltran, Economic Development and Special Projects Coordinator,
Members of the Public:

Approval of Agenda – Member Kellogg made the motion to approve the agenda. It was seconded by Member Cullick. **Approved 4-0.**

Approval of Meeting Minutes – Member Kellogg made a motion to approve the meeting minutes from the June 16 meeting. Seconded by Member Cullick. **Approved 4-0.**

Committee Business

Reconsider Economic Development meeting dates and time

Chair Hendrix asked Mr. Kellogg to brief the Committee on the action of the County Board as she was unable to attend. Mr. Kellogg stated that the County Board had sent this back to Committee due to a scheduling conflict with another Committee. The Committee discussed other dates to improve attendance. Mr. Gryder stated he had begun to discuss changing Committee meeting structures. After discussion, the Committee decided to table the measure.

Revolving Loan Fund Recapture Strategy

Mr. Beltran stated that staff received the Revolving Loan Fund Recapture Strategy from the State's Attorney office. Staff addressed minor notes such as grammar and definitions, with the remainder of the policy questions being brought to the Committee.

Mr. Beltran asked if the Committee would like to have all the loan documents in the packet when going to the Board. While had been done previously, it was not as flexible. The Committee agreed they liked how it was previously done, but were concerned with how it was written as it could be construed as placing sensitive information such as credit scores in the packet. Mr. Beltran stated the State's Attorney had outlined some of the loan documents elsewhere in the Strategy. The Committee asked to place that language where previous language had been to maintain privacy of sensitive information.

Mr. Beltran asked if for clarification on who initiates legal actions on behalf of the County if it is needed. The Committee decided that the Committee would recommend legal action to the County Board who would make the decision to pursue action or not.

Mr. Beltran asked for clarification on the process of maintaining funds for a business loans. The Committee decided to add language stating if the \$400,000 amount was not met that no municipal

KENDALL COUNTY ILLINOIS

Economic Development Committee

or inter-fund loans would not be given.

Mr. Beltran asked if the Committee would like the flexibility to lower rates in TIF Districts like in non-TIF District. The Committee decided against it.

Mr. Beltran asked if the Committee wanted to keep the loans to local government or narrow it to only municipalities. The Committee agreed to limit it to municipalities.

Member Gryder made the motion to approve the changes. Member Cullick seconded. **Approved 4-0**

Resolution Declaring October 6, 2017 as Manufacturing Day

Member Kellogg made the motion to approve. Member Cullick seconded. **Approved 4-0**

Updates and Reports

Revolving Fund Loans

Mr. Beltran stated that the State of Illinois is taking back the funds from Revolving Loans Funds from communities that were capitalized post-1992. The funds must be returned to the State by January 2018. The State is discontinuing the program afterwards. He highlighted the changes in the program.

- *Monthly Loan Statements*

Mr. Beltran stated all loans are up to date; however due to the earlier meeting this month the statements are not in the packet.

Chairwoman's Report- None

Public Comment – None

Executive Session - None

Adjournment

At 10:15 a.m., Member Gryder made to adjourn. Member Cullick seconded. With no objection, the meeting adjourned.

Respectfully Submitted,

Andrez P. Beltran
Economic Development and Special Projects Coordinator



United City of Yorkville
 800 Game Farm Road
 Yorkville, Illinois 60560
 Telephone: 630-553-4350
 www.yorkville.il.us

September 8, 2017

Scott Gryder, Chairman (via email to sgryder@co.kendall.il.us)
 Kendall County
 111 W Fox St
 Yorkville, IL 60560

Dear Chairman Gryder,

The United City of Yorkville is interested in extending our downtown tax increment financing district (Downtown TIF) through 2041, and we need your participation to do so. This TIF has not lived up to its expectations for a variety of reasons, and it will not generate large tax revenues for your organization unless it is extended beyond its current expiration in 2029. Please accept this letter as a formal introduction into the request and an offer for the City to formally and/or informally engage you on the matter.

The Downtown TIF was approved in 2006 with your participation, and was expected to produce over \$35,000,000 in new EAV in the downtown area over a 23 year period. Because of the recession, private investment was not successful in any format until Imperial Investments came to the City in 2011 and was able to do several successful and modest projects. Even with the success of Imperial Investments, public and private investment has been a fraction of what was expected. With \$35,000,000 in new EAV over a 23 period, we would have expected to generate over \$4,000,000 in new property taxes for all entities per year and over \$275,000 in new property taxes just for Kendall County. As of tax year 2016, we are only generating \$67,000 in new property taxes for all entities per year, and \$4,500 in new property taxes for Kendall County.

	<u>Expected</u>	<u>Actual</u>	<u>Difference</u>
Total EAV from Investment	\$ 35,000,000	\$ 572,752	\$ 34,427,248
Estimated Annual Property Taxes, All Entities	\$ 4,094,265	\$ 67,000	\$ 4,027,265
Estimated Annual Property Taxes for Entity	\$ 276,815	\$ 4,530	\$ 272,285

This is a significant underperformance of our expectations for the TIF.

While there are still 12 years left on the Downtown TIF, we have heard from both Imperial Investments and other prospective developers that the TIF does not support significant, new projects. Using a fictional development as an example of why the TIF is no longer that helpful to new developments, if someone decided in December 2017 to do a development in the downtown the earliest

they would receive any TIF benefit would likely be in 2020, just nine years short of the close of the TIF. Typical TIF benefits for a large project need to be 12-18 years in order to recoup additional costs associated with downtown redevelopment – whether the City or the developer takes the risk to do so.

The City Council has been discussing ways to offset the impact of the recession and accelerate downtown redevelopment. Some of the properties in the downtown TIF have actually decreased in value since the creation of the TIF In 2006. This means that not only is the property not generating TIF increment for the TIF district, but that your individual property taxes from those properties may be lower than they were in 2006. This negative equity in property values poses a further hurdle for the TIF district by making the time period between redevelopment and positive TIF increment longer than usual. To solve this issue, the City Council has preliminarily discussed a three part TIF process:


- 1) Delete many of the underperforming properties from the existing downtown TIF district
- 2) Seeking an extension of the existing downtown TIF district through 2041
- 3) Creation of a second, larger, and contiguous downtown TIF district that would end in 2041

The City has the authority and resources to complete the first item. The City has the authority and resources to complete the third item, subject to a significant amount of public participation and input – including from your governmental entity. The creation of the second TIF district will be a parallel but separate process for which you will receive notification at a later date. The second item, extension of the existing downtown TIF, requires your formal assistance.

In order to extend any TIF district, special legislation must be approved by the Illinois State Legislature. TIF extensions of up 12 years can be granted through legislation if all taxing entities covered by the TIF District consent to the extension. We think that there is a business case to be made for each taxing entity to consent to the extension of the existing TIF – that business case is illustrated above through the historical underperformance of the TIF district, the potentially large amount of annual revenues should the district develop fully, and the immaterial amounts currently generated by the TIF that would normally go to each taxing entities. We are prepared to present the options to your board at a future meeting, to any depth you wish. We can prepare a detailed presentation which includes everything from TIF basics and long-term strategy, or simply make ourselves available to answer questions. Our staff will reach out to you in the coming weeks to determine what presentation or documents best suits your board needs for further explanation of the above process.

I appreciate your consideration of this matter. I understand it may be a difficult and complex discussion for your board members, but I'm optimistic that our efforts will result in a fully developed, thriving downtown.

Sincerely,


Gary W. Golinski
Mayor

**UNITED CITY OF YORKVILLE, ILLINOIS
NOTICE OF PUBLIC MEETING ON THE PROPOSED UNITED CITY OF YORKVILLE,
KENDALL COUNTY, ILLINOIS DOWNTOWN REDEVELOPMENT PROJECT AREA #2**

In accordance with the Tax Increment Allocation Redevelopment Act, 65 ILCS § 5/11-74.4-1, et seq. (the “Act”), the United City of Yorkville (the “City”) is considering the designation of a Redevelopment Project Area, as defined by the Act, to be known as United City of Yorkville, Kendall County, Illinois Downtown Redevelopment Project Area #2, which area is generally described as follows:

An area positioned around the Route 47 and Van Emmon Street intersection including a majority of the parcels both north and south of Van Emmon Street from 5 blocks west of Route 47 to 3 blocks east of Route 47, as well as parcels on the east side of Main Street from Madison Street to Washington Street, parcels on the west side of Mill Street from Van Emmon Street to Ridge Street, parcels on the east side of Heustis Street from Van Emmon Street to Fox Street, and parcels on the east side of Route 47 from Washington Street to Van Emmon Street (the “Project Area”).

A more specific description and map of the proposed Project Area will be available for public inspection at the office of the City’s Community Development Director during normal City Hall business hours.

Pursuant to Section § 11-74.4-6(e) of the Act, the City shall hold a public meeting on the proposed Project Area on the 24th day of October, 2017 at 6:00 p.m. at the United City of Yorkville City Hall, 800 Game Farm Road, Yorkville, Illinois for the purpose advising the public of, and receiving public comments on, the City’s intent to prepare a redevelopment plan and designate the proposed Project Area as a Redevelopment Project Area that may result in the displacement of residents from 10 or more inhabited residential units (the “Public Meeting”). As required by the Act, the City shall provide notice of the Public Meeting to all taxing districts having real property in the proposed Project Area, all registrants on the interested parties registry established for the proposed Project Area, and to all residents and the last known persons who paid property taxes on real estate in the proposed Project Area.

The purposes of establishing the proposed Project Area as a Redevelopment Project Area is to facilitate redevelopment of the proposed Project Area by incurring or reimbursing eligible redevelopment project costs, which may include, but shall not be limited to, studies, surveys, professional fees, property assembly costs, construction of public improvements and facilities, building and fixture rehabilitation, reconstruction, renovation and repair, financing costs, and interest costs, all as authorized under the Act.

Tax increment financing is a public financing tool that does not raise property taxes but is used to assist economic development projects by capturing the projected increase in the property tax revenue stream to be created by the increase of the assessed value of the properties within the Redevelopment Project Area and investing those funds in improvements associated with the project.

All interested parties will be given an opportunity to be heard at the public meeting or may file written statements.

If you want additional information or to send comments regarding the proposed United City of Yorkville, Kendall County, Illinois Downtown Redevelopment Project Area #2 you may contact the City at 630-553-4350 or send correspondence to 800 Game Farm Road, Yorkville, Illinois, 60560.

Joint Committee on Administrative Rules
ADMINISTRATIVE CODE

TITLE 47: HOUSING AND COMMUNITY DEVELOPMENT
CHAPTER I: DEPARTMENT OF COMMERCE AND ECONOMIC OPPORTUNITY
PART 110 STATE ADMINISTRATION OF THE FEDERAL COMMUNITY DEVELOPMENT BLOCK
GRANT PROGRAM FOR SMALL CITIES
SECTION 110.360 PROGRAM INCOME SUBJECT TO THE ACT

Section 110.360 Program Income Subject to the Act

- a) Any program income (as defined in Section 110.220 of this Subpart) that the Department has permitted a grantee to retain and that is realized while the grantee has an open CDAP grant is subject to the requirements of the Act and 24 CFR 570.
- b) Program income retained by the grantee generated from a grant award prior to October 28, 1992 is not subject to the Act and 24 CFR 570 under the following conditions:
 - 1) The CDAP grant which generated the income is closed. For purposes of this Subpart, a closed project is defined in Section 110.220 of this Subpart; and
 - 2) All concurrent CDAP grants are closed.
- c) Program income retained by the grantee generated from a grant awarded after October 28, 1992 is subject to the Act and 24 CFR 570.
- d) If the grantee's CDAP grant records are insufficient to determine when program income was earned in relation to close-out of the grantee's CDAP projects, those RF shall be considered subject to the Act.
- e) Regardless of when the program income is earned, the RF shall always be subject to the requirements of the approved recapture strategy and each beneficiary of funds through the RF shall benefit at least 51% low and moderate-income persons.

(Source: Amended at 28 Ill. Reg. 13468, effective September 23, 2004)

Economic Development Committee Strategic Planning Questions

1. How should we grow the tax base?
2. How should we create and retain jobs?
3. How should we grow the industries of tomorrow? What industries are those?