

**VILLAGE OF LOMBARD**  
**REQUEST FOR BOARD OF TRUSTEES ACTION**  
For Inclusion on Board Agenda


Resolution or Ordinance (Blue)       Waiver of First Requested  
 Recommendations of Boards, Commissions & Committees (Green)  
 Other Business (Pink)

TO : PRESIDENT AND BOARD OF TRUSTEES

FROM: Scott Niehaus, Village Manager

DATE : November 27, 2018      (BOT) Date: December 6, 2018

SUBJECT: Proposed Butterfield Yorktown Business District (BD2)

SUBMITTED BY: William J. Heniff, AICP, Director of Community Development 

**BACKGROUND/POLICY IMPLICATIONS:**

At the July 23, 2018 meeting of the Economic & Community Development Committee (ECDC), staff introduced a memorandum discussing options pertaining to enhancing restaurant and retail business activity within the Village. One such option was to explore the possibility of creating a second Business District (BD2). The ECDC unanimously recommended that staff proceed with steps to create the Butterfield Yorktown Business District.

Please place this item on the December 6, 2018 Village Board agenda for consideration and approval. The ECDC recommended that the Village Board proceed with advancing the creation of a business district plan for the proposed the Butterfield Yorktown Business District No. 2.

To allow for this project to proceed in a timely manner, staff recommends a waiver of first reading of the Ordinance.

**Fiscal Impact/Funding Source:**

Review (as necessary):


Finance Director \_\_\_\_\_ Date \_\_\_\_\_

Village Manager \_\_\_\_\_ Date \_\_\_\_\_

**NOTE:** All materials must be submitted to and approved by the Village Manager's Office by 12:00 noon, Wednesday, prior to the agenda distribution.

## MEMORANDUM

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

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

**MEETING DATE:** December 6, 2018

**SUBJECT:** **Proposed Butterfield Yorktown Business District (BD2)**

At the July 23, 2018 meeting of the Economic & Community Development Committee (ECDC), staff introduced a memorandum discussing options pertaining to enhancing restaurant and retail business activity within the Village. One such option was to explore the possibility of creating a second Business District (BD2). It would encompass additional properties that were not a part of the first Business District (BD), located on the southwestern portion of the Yorktown Center property and provided a funding source for a myriad of infrastructure improvements (i.e., water and sewer main reconstruction and ring road traffic improvements). The ECDC unanimously recommended that staff proceed with steps to create the Butterfield Yorktown Business District.

### **BACKGROUND ON BUSINESS (IMPROVEMENT) DISTRICTS**

A business district is a specified and defined geographical area in which businesses are required to pay an additional tax to fund identified projects within the district's boundaries. The concept is that it will create a significant improvement to the area without any imposing any direct tax burden upon Lombard residents. The establishments within a BD will generate sales tax revenues to fund the eligible BD improvements, while the Village will receive the additional benefit of its Village-wide one percent sales tax that will be earmarked to pay for enumerated services. The BD maximizes the potential benefit for Lombard residents at the minimal cost of a one percent sales tax, to be paid largely by consumers from throughout the region.

Similar to Tax Increment Financing (TIF) Districts, a BD must be established in conformance with a specific plan approved by the Village Board after public hearings are held. In accordance with the Act, the Village may utilize collected funds in furtherance of an adopted plan.

### **PAST BUSINESS DISTRICT ACTIVITIES IN LOMBARD**

The first Yorktown BD was established for selected properties along the western and southern end of Yorktown Center in 2005. The purpose of the original District was to provide a funding source for significant public water and sewer capital improvements, all in an effort to facilitate additional Ring Road retail/restaurant development and the redevelopment of the former Montgomery Ward store with the Shops on Butterfield.

Justification for the original BD was predicated upon meeting the requisite qualification of a "blighted area". It was estimated that Yorktown Mall ownership and the Village could incur up to \$32 million in expenses eligible for reimbursement. The term of BD will end after all eligible expenses have been repaid but will in no case extend beyond 23 years (i.e., 2028). The Village

did not bond any debt for the project and will only reimburse the developer as funds are received from the additional one percent sales tax that is imposed on the district.

The former Ward's space was demolished and construction was completed on the 225,000 square foot The Shops on Butterfield open-air lifestyle center. Yorktown had numerous challenges to be addressed and the BD was the most practical means to address those challenges with no financial impact upon the Village or any other governmental unit.

### **ANTICIPATED BD2 GOALS & OBJECTIVES**

Staff is exploring the BD2 concept as a means to achieve the following goals and objectives:

#### Village Goals

- 1) To provide for implementation of economic development and redevelopment strategies that benefit the Village and its residents.
- 2) To encourage positive and feasible redevelopment of vacant properties and/or underutilized facilities.
- 3) To provide public infrastructure improvements within the Village to promote growth.
- 4) To strengthen the property tax base and sales tax base of the Village.
- 5) To create new jobs and retain existing jobs for the Village and area residents.
- 6) To coordinate all redevelopment within the Village in a comprehensive manner.

#### Village Objectives

- 1) Encourage the redevelopment of the Carson's properties, which will become vacant later this summer.
- 2) Stabilize retail operations in the space located in the Yorktown Center and explore options for reuse or repositioning of the properties.
- 3) Encourage the development of outlots within the Business District.
- 4) Improve utility infrastructure within the Business District.
- 5) Encourage redevelopment of properties south of Butterfield Road and east of Yorktown Center (most notably the Northern Seminary site).
- 6) Coordinate aesthetic improvements relating to facades and lighting.
- 7) Coordinate parking and access/egress related agreements within the BD, as well as the adjacent areas.

In addition to specific goals relating to commercial development and planning, the Village also has developed a strong economic development orientation. Diversified economic growth within the Village is essential to the community's development. Economic growth is important since it provides both employment opportunities for residents and strengthens the Village's tax base. The BD2 concept is intended to be an additional tool to address this broader goal.

The Village Board approved the Butterfield/Yorktown TIF in November, 2017 to address longer term redevelopment and enhancement activities. However, the proposed BD2 is anticipated to be a more useful tool to address matters such as retail space occupancy and build-out – items that TIF provisions do not provide for at a level that may be needed or desired in the future.

### **APPROVAL PROCESS**

Unlike TIF Districts, the BD approval process is simplified as all other taxing districts are not impacted by the BD. However, an Eligibility Study & Report is required. Once completed, requisite notifications to the property owners will be undertaken and a public hearing before the Lombard Village Board will occur prior to final consideration of any new BD is undertaken. Kane McKenna & Associates represented that based upon their cursory review, the proposed BD2 could meet the criteria for establishing a BD.

Staff has had conversations with Yorktown Center representatives regarding the BD2 concept and they have not raised any objections to date. The BD2 concept has also been initially broached with representatives of Hamilton Partners (the previously envisioned Sam's Club site and the Northern Seminary property).

As creating BD2 is a type of economic incentive, staff will be following the guidance and direction of the ECDC through the previously adopted Village-wide Economic Incentive Policy for redevelopment activity and are bringing this new incentive concept forward for consideration.

### **ACTION REQUESTED**

Please place this item on the December 6, 2018 Village Board agenda for consideration and approval. The ECDC recommended that the Village Board proceed with advancing the creation of a business district plan for the proposed the Butterfield Yorktown Business District No. 2.

To allow for this project to proceed in a timely manner, staff recommends a waiver of first reading of the Ordinance.

ORDINANCE NO. \_\_\_\_\_

**AN ORDINANCE AUTHORIZING  
THE PREPARATION OF A BUSINESS DISTRICT PLAN  
WITHIN THE BUTTERFIELD YORKTOWN AREA  
IN THE VILLAGE OF LOMBARD  
(BUTTERFIELD YORKTOWN BUSINESS DISTRICT NO. 2)**

**WHEREAS**, the Village of Lombard (the "Village") is a municipality organized under the laws of the State of Illinois; and

**WHEREAS**, the General Assembly of the State of Illinois has provided by law the Business District Development and Redevelopment Act, 65 ILCS 5/11-74.3-1 *et seq.*, (the "Act") to assist in the development, redevelopment, improvement, maintenance and revitalization of property and structures within a business district; and

**WHEREAS**, the Village has, pursuant to Chapter 38 of the Lombard Village Code, authorized business districts within the Village; and

**WHEREAS**, the Village desires to investigate the feasibility of establishing a business district under the Act for a specific area in the Village, and to provide for a business district plan (the "Business District Plan") therefor;

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

**SECTION 1:** That the Recitals as set forth above are incorporated herein by reference, as if set forth fully herein.

**SECTION 2:** That Kane, McKenna and Associates, Inc. ("Consultant") is hereby authorized to prepare a Business District Plan for the area generally depicted on EXHIBIT A attached hereto and made part hereof (the "Proposed Business District"), and those additional areas contiguous to the Proposed Business District which, in the

opinion of the Consultant and Village staff, would benefit from inclusion in the Proposed Business District, prior to the Village moving forward with the establishment of a new business district within the Proposed Business District.

**SECTION 3:** In relation to the aforementioned preparation of a Business District Plan for the Proposed Business District, the agreement with the Consultant, as attached hereto as EXHIBIT B and made a part hereof, is hereby approved, and the Village President, Village Clerk and/or Village Manager are hereby authorized and directed to execute same on behalf of the Village.

**SECTION 4:** That this Ordinance shall be in full force and effect from and after its passage, approval and publication in pamphlet form, as provided by law.

Passed on first reading this \_\_\_\_\_ day of \_\_\_\_\_, 2018.

First reading waived by action of the Board of Trustees this \_\_\_ day of \_\_\_\_\_, 2018.

Passed on second reading this \_\_\_\_\_ day of \_\_\_\_\_, 2018, pursuant to a roll call vote as follows:

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

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

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

**APPROVED** by me this \_\_\_\_\_ day of \_\_\_\_\_, 2018.

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

**ATTEST:**

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

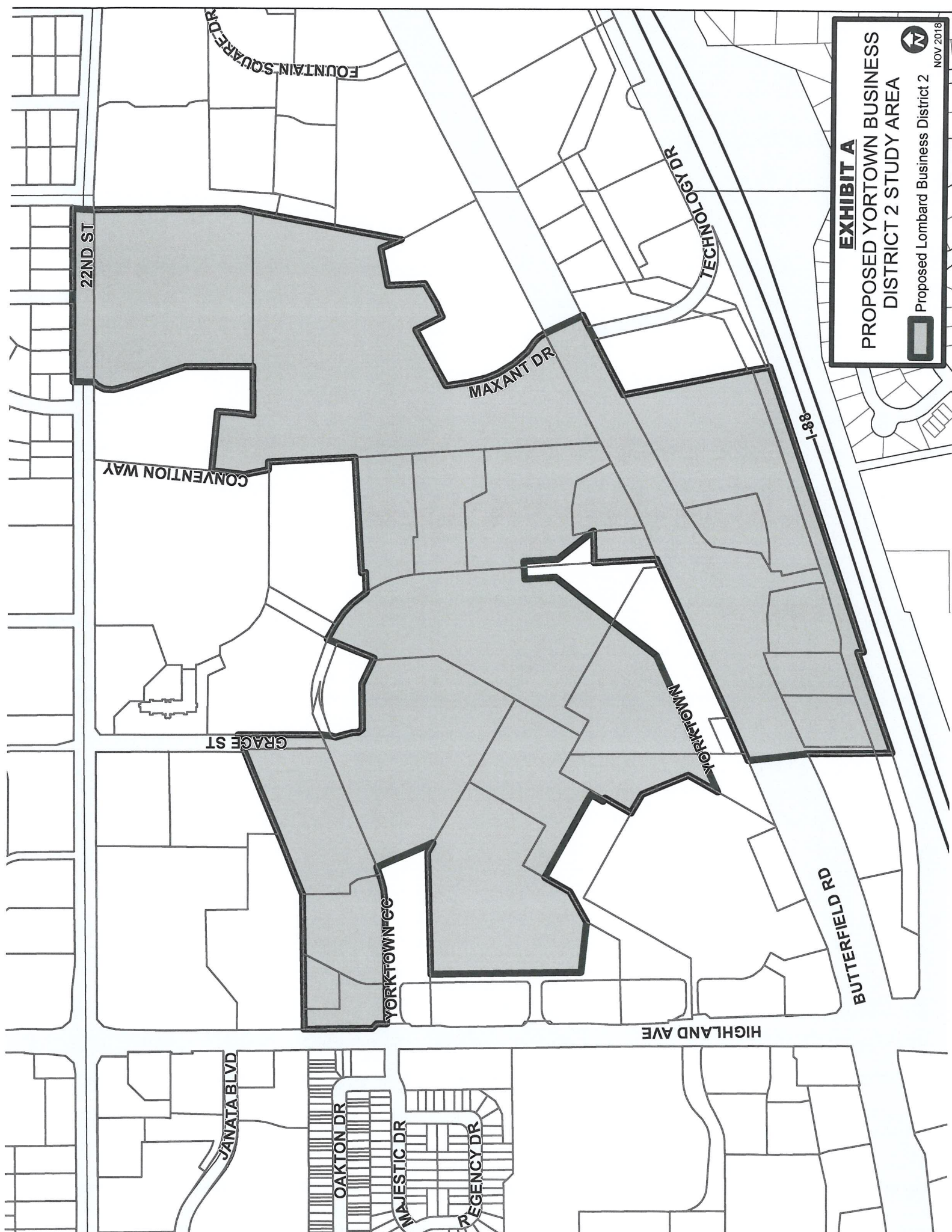
Published by me in pamphlet form this \_\_\_\_\_ day of \_\_\_\_\_, 2018.

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

**EXHIBIT A**

**Depiction of Proposed Business District**

(attached)



22ND ST

CONVENTION WAY

GRACE ST

YORKTOWN Cc

MAXANT DR

HIGHLAND AVE

BUTTERFIELD RD

1-88

FOUNTAIN SQUARE DR

TECHNOLOGY DR

YORKTOWN

JANATA BLVD

OAKTON DR

MAJESTIC DR

REGENCY DR

**EXHIBIT A**  
**PROPOSED YORTOWN BUSINESS DISTRICT 2 STUDY AREA**

Proposed Lombard Business District 2

NOV 2018






**EXHIBIT B**

**Consultant Agreement**

(attached)

April 30, 2018



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

**RE: Business District Program Implementation – Yorktown Shopping Center –  
Lombard, Illinois**

Dear Mr. Heniff:

Pursuant to our discussions, Kane, McKenna and Associates, Inc. (the “Consultant”), is prepared to assist the Village of Lombard (the “Village”) for purposes of redevelopment of certain property located within the Yorktown Shopping Center in reference to sales tax sharing assistance, potential business district designation or related economic development programs. Services for projects/assignments associated with this location will be referred to herein as the “Project.”

Consultant will provide the following professional services on behalf of the Village:

**BUSINESS DISTRICT DESIGNATION**

The Consultant would undertake the services described below.

- 1) Assist the Village in investigating the desirability and feasibility of creating a Business District (the “BD”) and funding for the Project.
- 2) Review the characteristics of the Project site in order to recommend the specific boundaries of any appropriate area or related economic development programs, and to assess the potential qualification factors (strengths and weaknesses) of any identified area under Illinois law.
- 3) Prepare an Eligibility Report which reviews definitive boundaries for a potential BD, if the area can qualify for such designation.
- 4) In the event that other local financing programs or economic development tools are complimentary to the BD, KMA will identify programs and a strategy for implementing them and any conditions for their use in connection with the Project.



Mr. William J. Heniff  
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- 5) Prepare a BD plan which includes:
  - A statement of redevelopment goals and objectives.
  - Examination of BD qualification factors and presentation or rationale for basis under which the BD is to be justified under
  - A statement of eligible redevelopment activities.
  - Presentation of estimated costs for the redevelopment projects contemplated for implementation under the plan.
  - A detailed discussion of impediments to the successful redevelopment of the project area and measures the Village could undertake to eliminate such barriers so to promote economic revitalization of the project area.
- 6) As necessary, assist the Village by participating in required community meetings or public hearings, as well as helping to insure preparation and execution of property notification as required for all meetings.
- 7) As necessary, assist the Village in participating in meetings with all interested and affected parties. KMA will assist the Village to follow the procedures for such gatherings as required by State law.
- 8) Work with the Village's counsel to meet all the requirements of appropriate law so to insure proper establishment of the BD.
- 9) Assist Village's counsel in preparation of the appropriate Ordinances required for adoption of the redevelopment plan and project.
- 10) Assist Village to establish and maintain complete documentation files to assure proper support of eligibility findings in order to support legal standing for establishment of the BD.



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**COMPENSATION FOR SERVICES**

The Consultant shall bill the Client monthly according to the following hourly rates:

<u>Personnel</u>	<u>Hourly Rate</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

Project billings are expected to be in the range of \$8,500 to \$12,500, dependent upon the number of meetings to be scheduled or attended as part of the designation process.

Newspaper publications, legal description preparation, and any large mailings are not included in this estimate.

Mr. William J. Heniff  
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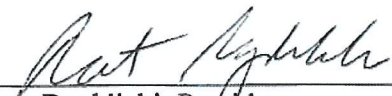


If the terms of this Agreement are acceptable to you, please execute both copies and return one of them to us. We look forward to working with you.

Sincerely,

  
Robert Rychlicki  
President

AGREED TO:

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

4/30/18  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Village of Lombard

6-6-18  
\_\_\_\_\_  
Date