

## MEMORANDUM

**TO:** William T. Lichter, Village Manager

**FROM:** David A. Hulseberg, AICP, Assistant Village Manager/Director of Community Development

**DATE:** September 21, 2006

**SUBJECT: Watermain Construction Reimbursement Agreement – 19W175 Roosevelt Road**

At the September 5, 2006 Economic and Community Development Committee (ECDC) meeting, the members recommended the Village Board approve a Watermain Construction Reimbursement Agreement for the property at 19W175 Roosevelt Road (i.e., the former Carpetville store). This agreement provides for the installation of a public watermain that will close an existing gap in the Village's watermain infrastructure along Roosevelt Road. This main will also allow the property owner to connect to Village water services. As the proposed watermain improvement exceeds what would normally be required by Village Code, staff and the property owner have drafted an agreement that would provide for the installation of the main within the next year, with a cost reimbursement of the public watermain using a sales tax rebate.

### BACKGROUND

In 2005, the property owner petitioned the Village for approval of an annexation agreement, annexation and zoning of the property (PC 05-02). The Village's Annexation Strategies Report also identified this property as a high priority for annexation. The annexation request was also made by the property owner in order to secure B3 Community Shopping District zoning for the property. Moreover, they also sought to connect to Village water services, which were believed to be located immediately in front of the property.

Upon further exploration of the watermains by the property owner, it was found that no Village main existed in front of the property. As a result, if the property owner wanted to connect, they would have to extend the watermain from an adjacent property. Moreover, as this would be a "dead-end" line, Public Works would require that the line be extended an additional 150 feet beyond their property line, so that it could connect to an existing main adjacent to the High Point Shopping Center.

As the original agreement represented that public water would be available by the Village and that Public Works determined that such a connection would be of substantial benefit to the Village in addition to the property owner, staff began working on an agreement.

Staff previously asked the Village Board whether it was appropriate to use sales tax incentives for unincorporated properties in order to bring the properties into compliance with Village Code. The

Board stated as a general policy that sales tax sharing could be appropriate, but on a case-by-case basis. Staff has not brought any such cases forward until now, as this case is somewhat unique.

The proposed extension has significant benefit to the Village and our water service delivery. The watermain will close an existing gap between existing mains in the High Point Shopping Center and the commercial properties east of the subject property. The extension will also eliminate the need to create an additional watermain crossing underneath Roosevelt Road. Lastly, while this extension was not within the current Capital Improvements Program, this connection has been desired by the Public Works Department.

The draft agreement is similar to the agreement executed between the Village and Lombard Toyota in 2002. The main highlights of the agreement are:

1. The property owner will construct a new 300-foot long eight-inch diameter public watermain on the south side of Roosevelt Road. The main will close an existing gap within our watermain network without having to use direct Village funds or the Capital Improvements Program to complete the work. While the agreement required the work to commence within one year, the property owner has noted that they would like to complete the work this fall.
2. The total reimbursement costs will be based upon the construction costs for the extension. Staff estimates that the approximate cost of the extension will be about \$36,000. The up-front costs associated with the project will be borne by the property owner. Once the project is completed, the property owner will submit their final construction costs for the public watermain to the Village. Any costs associated with the construction of their private service line are not covered by the agreement.
3. The agreement provides for reimbursement using the one-percent Retailers' Occupation Tax Act collected by the State generated by a future retail tenant to the site. If the property remains vacant or if a non-retail sales tax generating use occupies the building, the Village does not have an obligation to provide any reimbursement. While an actual tenant has not signed a lease for the site to date, the agreement will strongly encourage the property owner to have the building occupied by a retail sales tax generating use.
4. The agreement caps the total reimbursement as the total accepted construction cost for the public watermain with the costs to be reviewed and approved by the Village. Moreover, revenues to be reimbursed shall be generated within the first five years after the agreement is approved. The agreement does not provide any interest reimbursement for the project.

### **ACTION REQUESTED**

The ECDC recommends that the Village Board that they approve the Watermain Construction Reimbursement Agreement for 19W175 Roosevelt Road.