



MEMORANDUM

TO: Trustee Johnston, Chairperson
Economic and Community Development Committee

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

DATE: September 12, 2016

SUBJECT: Downtown TIF Fund Status – 2016

In January, 2016 staff prepared a projected 2016 fiscal year end estimate for the Downtown Tax Increment Financing (TIF) District. As part of the ongoing budget discussions, staff has prepared an update for the Economic and Community Development Committee (ECDC) and the Village's Finance Committee regarding current and projected fund balances for 2016 and 2017, as of September, 2016.

BACKGROUND

Per a TIF Agreement, which facilitated the TIF time extension up to the 2023 tax year, the Village distributes approximately 90% of surplus revenue to the affected taxing districts. Separately, the Village allocates funds to the Glenbard High School District 87 for a Vocational Advisor position, also part of the TIF Agreement.

The 2015 property tax levy was \$1,716,803 (it was unknown at the time of the January memo). The projected 2016 fiscal year end balance is **\$171,193**. This includes all grants that have been approved as of the August 2016 ECDC meeting.

2017 ALLOCATIONS

For 2017, the projected 2017 fiscal year end balance is **\$89,240**. This figure assumes the allocation of \$30,000 toward the Lombard Town Centre, \$100,000 for the Village's various downtown grants and to pay for upcoming obligations. There is also money for ongoing capital improvements, such as right-of-way beautification and downtown streetscape improvements. However, as the TIF District, is nearing its final end date, the Village must be prudent with future expenditures so that program allocations can be met and the Village does not have a deficit in the TIF District upon its expiration. As such, staff notes the following:

Reimbursement of Previous Property Acquisitions

In 2008, the Village acquired the property at 37-115 E. St. Charles Road for \$750,000. At that time, the General Fund was utilized as a funding source for the acquisition, as the final owner and use of the property (either re-sold to another developer or reserved for public use) was undetermined. Subsequent to the purchase, the real estate market collapsed and the Village retained property ownership. In 2015, the Village proceeded with the construction of commuter and downtown parking spaces. With this expenditure, it is envisioned that the property will

remain in public ownership for an extended period of time. However, the initial site acquisition cost has not transferred from the TIF fund to the General Fund to date. The Village anticipates that this expenditure will occur prior to or concurrent with the final close-out of the TIF District.

TIF Grants

As noted earlier, \$100,000 is earmarked for 2017 TIF for grant programs. For reference purposes, this figure is above the amount approved by the Village for the past five years, but is far less than what was expended in 2015, as referenced in the table below:

Applicant	Location	Grant Type	Approved	Amount paid by Village
Babcock's Grove House	101 W St Charles Road	Façade	2016	\$1,936.00
Babcock's Grove House	101 W St Charles Road	Restaurant	2016	\$81,549.30
Mesa Home Video	130 E St Charles Road	Retail	2015	\$20,000.00
Lori's Antique Jewelry	130 E St Charles Road	Retail	2015	\$20,000.00
Mesa Electronics	130 E St Charles Road	Façade	2015	\$41,567.45
Smith Properties	101 W St Charles Road	Façade	2015	\$12,000.00
MKT	18 W St Charles Road	Façade	2015	\$17,350.00
MKT	18 W St Charles Road	Restaurant	2015	\$51,348.63
Fringe	104 W St Charles Road	Façade	2015	\$900.00
Balkan Bakery	14 W St Charles Road	Façade	2015	\$24,050.00
Balkan Bakery	14 W St Charles Road	Retail	2015	\$20,000.00
Thomas J Masterson & Co.	128 W St Charles Road	Façade	2015	\$847.50
Paradiso	6 S Park Avenue	Façade	2015	\$394.50
Fringe	104 W St Charles Road	Façade	2013	\$692.00
Shannon's Deli	11 S Park Avenue	Retail	2012	\$20,000.00
Fairytales Inc.	28 W St Charles Road	Façade	2012	\$2,660.00
Desert Rose Design	106 W St Charles Road	Façade	2012	\$1,506.50
Fringe	104 W St Charles Road	Façade	2012	\$350.00
Randall Bullen	5 S Park Avenue	Façade	2012	\$690.00
Cabinet Depot	14 W St Charles Road	Façade	2012	\$11,517.00
Edlyn & James Andrlik	6-8 S Park Avenue	Façade	2011	\$1,125.00
Thomas J Masterson & Co.	128 W St Charles Road	Façade	2011	\$728.00
Totals				\$331,211.88

There is a pending grant for 104 E. St. Charles Road in the amount range of \$50,000-\$70,000 that is slated for consideration at the October, 2016 ECDC. Fortunately these matching grants facilitate over \$630,000 of private investment in the downtown during the same period.

Going forward, as the Village may have other unidentified capital expenditures or professional service/administrative costs associated with the TIF that may need to be paid out of the fund in 2017 and beyond. Unlike traditional budgets, the desired goal is to keep a reserve for such activities. As such, the Village may need to consider future grant requests wisely and may even need to establish a temporary moratorium on some grants until respective levies are established that demonstrates that there are sufficient reserves to fund such requests. However, this information can serve as consideration by the ECDC as future items come forward (i.e., grants, public expenditures, or downtown incentive agreements). This ongoing review effort is also critical in the review of other such funding requests, such as Lombard Town Centre annual funding, in subsequent years.

Staff will continue to monitor the TIF budget and report back to the ECDC with updates as warranted.

COMMITTEE ACTION REQUESTED

This item is being placed on the September 12, 2016 ECDC agenda for review and discussion. While no specific action is requested, staff will be seeking engagement of the ECDC members at the meeting and will be seeking input regarding the goals and priorities going forward relative to future TIF expenditures and future TIF funding priorities for the downtown.

Balance December 31, 2015 **\$ 349,054**

REVENUE (FY 16)

Property Tax (Levied December 2015)	\$ 1,716,803
Carriage House Addition	\$ 45,000
WJM Memorial Gazebo	\$ 3,100
Interest	\$ 6,000
	\$ 1,770,903

Total Revenue Available **\$ 2,119,956**

EXPENDITURES (FY 16)

	Budgeted
Personnel Expenses	\$ 46,160
Lombard Town Centre Funding (pers exp)	\$ 36,668
Misc Supplies	\$ 637
Audit	\$ 4,280
Legal Services	\$ 3,140
Dues/III. Tax Increment Association	\$ 283
101 S Main Soil Testing	\$ 9,802
101 S Main Appraisal	\$ 6,500
101 S Main Legal	\$ 413
Balkan Bakery Retail Grant	\$ 20,000
Babcocks of Lombard Restaurant Forgivable Loan	\$ 81,549
Babcocks of Lombard Restaurant Façade Grant	\$ 1,936
Shannon's Deli Facade Grant	\$ 18,893
109 115 W St Charles Rd	\$ 1,200
104 W St Charles Rd Downtown Imp & Ren Grant	\$ 900
CIP ROW Beautification	\$ 15,000
CIP Downtown Streetscape Improvements	\$ 25,000
CIP TIF Lighting Rehabilitation	\$ 25,000
CIP Parking Lot at 115 W St Charles Rd	\$ 69,600
Distribution of Surplus Revenue	\$ 1,564,540
School District Agreement	\$ 17,263
	\$ 1,948,763

Balance December 31, 2016 **\$ 171,193**

REVENUE (FY 17)

Property Tax (Levied December 2016)	\$ 1,751,139
Interest	\$ -
	<hr/>
	\$ 1,751,139

Total Revenue Available **\$ 1,922,331**

EXPENDITURES (FY 17)

Personnel Expenses	\$ 45,310
LTC Audit	\$ 4,280
Legal Services	\$ 2,400
Distribution of Surplus Revenue	\$ 1,564,540
Lombard Town Centre Funding (pers exp)	\$ 30,000
7 E St Charles	\$ 2,985
Downtown Imp. & Renovation Grants	\$ 100,000
Dues/Ill. Tax Increment Association	\$ 450
ROW Beautification	\$ 15,000
Downtown Streetscape Improvements	\$ 25,000
Downtown Paver Renovation	\$ 25,000
School District Agreement	\$ 18,126
	<hr/>
	\$ 1,833,091

Balance December 31, 2017 **\$ 89,240**