



MEMORANDUM

TO: David A. Hulseberg, Village Manager

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

DATE: February 4, 2010

SUBJECT: Workshop Session – Lombard Town Centre Update & FY2011 Funding

Staff recently met with Lombard Town Centre (LTC) President Dan Whittington and Treasurer Kathy Hogan to review recent changes to their organization, particularly the recent resignation of their Executive Director (ED), Laura Bergeson and two (2) board members. In light of this information, the LTC has requested the Economic and Community Development Committee (ECDC) and the Village Board provide some direction with regard to future Village funding and responsibilities. This request was made so that they would know which direction to proceed with their ED position and related activities.

At the February 3, 2010 ECDC meeting, the LTC will provide the ECDC with a mid year update on their goals and accomplishments, as they relate to their 2009 funding request (report attached). Staff will provide the Board with an update of that meeting.

In review of this request, staff provides the Village Board with the following background information and a recommendation regarding future funding.

FUNDING

LTC Funding History

In 2005, the Village made a commitment to fund at least one-third of Lombard Town Centre's budget for its first three years of the organization's existence, in an amount not to exceed \$75,000 per year. One year funding commitments of \$75,000 were approved by the Village in 2008 and 2009. Overall, Lombard Town Centre was granted a total of \$375,000 for operating funding for the 2005 through 2009 years. A 2009 amendment to the agreement also provided for reimbursement of professional auditing services for their requisite auditing reports.

The purpose of the funding allocation was to provide funds for the initial start up operations of the organization. It would also free the organization and the ED to undertake professional downtown marketing and economic development activities without having to spend significant time on private fundraising activities. Over time, it was envisioned that the organization would be self-sustaining and the Village's contribution could be decreased. The funding allowed the organization to meet the staffing, office presence and training requirements set forth by the Illinois Main Street

organization in order to retain its standing as a Main Street Community without needing to generate its own revenue.

Current LTC Balance Sheet

Attached is a copy of the LTC's profit and loss statement and balance sheet, as of January 27, 2010. According to their balance sheet, the LTC currently has **\$62,989.05** available for their activities.

Current TIF Obligations

At the November 4, 2009 ECDC meeting, staff provided an overview to the committee highlighting the revenues and expenditures as they relate to the Village's downtown TIF district for FY 09/10. Staff noted that the Village had a balance of **\$765,868** in the downtown TIF. However, much of this balance has already been identified for future public improvements, grant programs and related programs. In light of the recent economic conditions, the Village is considering shifting some of its current and future expenditures to the downtown TIF from the Hotel/Motel budget and the general fund. As a result, downtown TIF expenditures may significantly increase, which will decrease funds available for other activities and programs.

Future Funding Requests and Direction

The Village Board is asked to offer direction regarding future Village funding and roles & responsibilities for the LTC. Staff would like to offer the following items for the Village Board to consider when reviewing future funding considerations for the LTC:

- **Executive Director Position**- As previously stated, Laura Bergeson has recently resigned as the ED. Although some members of the LTC have expressed a desire to fill the vacant position (either part-time or full-time), staff notes that this would be their fourth ED in the five years the organization has been operating. Additionally, staff is concerned that too much of the ED's time was spent on fundraising and membership activities, which can detract from the core responsibilities of the position. Staff would like to note that approximately 83% of their annual funding request is spent on their payroll expenses, rent and utilities.
- **Board Membership**- In addition to the Executive Director resigning, 2 board members, Jaime Kashin and Vern Schuyler, also resigned. Therefore, they currently have 4 active board members. Their bylaws require 9 board members. In addition, the LTC has not met as a board since December 1, 2009.
- **Illinois Main Street**- Currently, the Illinois Main Street Program is on suspension with the National Trust Main Street Center. Apparently they only have one person running the entire program, statewide. In addition, they are providing no support to the LTC in terms of training, consulting services, etc. Moreover, the state has not provided significant resources to the Village or LTC over the past few years that would substantiate its adherence to the program. The LTC would like to keep

some type of organization, however representations have been made that they are not wedded to the Illinois Main Street format. Comparatively speaking, in 2009, the LTC spent **\$2,802.67** on training and travel expenses associated with Illinois Main Street Program. For reference purposes, the Village's entire Planning Services Division has spent **\$890.20** in the same period for training and travel.

- Economic Development Activities- Although the LTC has been successful creating several downtown special events and facilitating the French Market, there has been no measurable success with filling the vacancies to date.
- Future Roles and Responsibilities- Based on staff's recent meetings with a few of the LTC Board members, it appears that they do not have a clear consensus on how to proceed. Some LTC members felt that they lack expertise with economic development activities and suggested that the Village assist/undertake that role for the downtown. They recognize that this element has been a priority for the Village and that they have not been completely successful to date in meeting this objective. Staff did request a plan from the LTC outlining how they would like to proceed, should additional future funding be approved. To date, they have not provided that information.

Options Available

Staff believes there are four general options available to the Village Board regarding Lombard Town Centre:

1. Continue to fund LTC at a funding level of \$75,000, as has been done in prior years.
2. Cease future funding for LTC.
3. Provide funding for the LTC to establish a contract position (i.e., a 1099 position) to fill the roles of the past Executive Director. This position would report to the Director of Community Development, but would be funded through the LTC grant from the Village and would serve as a liaison between the LTC Board and the Village.
4. Utilizing the \$62,989 already in the LTC reserves, the LTC should be directed to allocate those funds specifically for their marketing, recruitment, promotion and membership activities for the LTC. The funds would also be used to for special events, as deemed appropriate. Village staff would advance the economic development and business recruitment efforts within the downtown area, utilizing TIF expenditures to accomplish this additional activity.

RECOMMENDATION

In light of the current economic situation and the additional future expenditures being shifted into the TIF, staff recommends that the future funding for the LTC not be granted for the FY2011 year and that Option 4 be pursued.

Recognizing that economic development activities and filling existing vacant tenant spaces is a key priority set by the Village Board and recognizing that through the Village's visioning efforts, Village staff has facilitated and will continue to seek out opportunities to fill spaces. Village staff has historically played a recruitment role for the downtown, as Village staff managed the TIF grant program activities. Moreover, by having Village staff facilitate this effort, it would provide for a comprehensive approach to business recruitment by directly tying Board directives and policies, knowledge of inter-departmental issues and linking together resources in the business recruitment process.