

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: David A. Hulseberg, Village Manager

DATE: September 9, 2008 (B of T) Date: September 18, 2008

TITLE: Downtown Retail Business Grant Program Revision

SUBMITTED BY: Department of Community Development *WJ*

BACKGROUND/POLICY IMPLICATIONS:

The Economic and Community Development Committee transmits for your consideration two ordinances:

1. Ordinance Amending Title 3, Chapter 36 of the Lombard Village Code in regard to Amendments to the

Downtown Retail Business Grant Program

2. Ordinance Adopting the Downtown Retail Business Grant Program Policy.

The Economic and Community Development Committee recommended approval of this request

Please place this item on the September 18, 2008 Board of Trustees agenda.

Fiscal Impact/Funding Source:

Review (as necessary):

Village Attorney X

Finance Director X

Village Manager X

David A. Hulseberg
David A. Hulseberg

Date

9/14/08

Date

9/11/08

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: David A. Hulseberg, AICP, ICMA-CM, Village Manager

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

DATE: September 18, 2008

SUBJECT: Downtown Retail Business Grant Program Revision

At the September 3, 2008 Economic and Community Development Committee (E CDC) meeting, the above program was reviewed to consider amendments that would expand the types of business that may be considered under the Program. Please note that this program continues to be offered to businesses located in the Lombard Downtown TIF District or the Lombard St. Charles Road TIF I West District. The E CDC unanimously recommended approval of the following changes, all of which have been incorporated into the revised Program Policy:

- All future grants shall be required to complete an Illinois sales tax release form;
- "Service businesses with a substantial retail component" are now denoted as a type of business that is potentially eligible for a DRB Grant;
- The dollar amounts awarded to service businesses with a substantial retail component will be a function of the amount and nature of the retail component associated with the business;
- For service businesses with substantial retail components that were previously in operation, sales data shall accompany the application;
- For start-up new service businesses with substantial retail components, up to half of the eligible grant award (i.e., no more than \$10,000) of can be awarded with the start-up of the business. Notwithstanding the item below, the applicant does have the ability to apply for an additional half of an award after a one year period of time, with the E CDC considering the retail sales tax figures as part of the application; and
- Retroactive grant applications are not permitted. Once a Certificate of Occupancy has been issued for a business/property, the business is no longer eligible, unless the application is for a future modification to the building or use meeting the program criteria.

RECOMMENDATION

That the Village Board of Trustees at their September 18, 2008 meeting approve an Ordinance amending Title 3, Chapter 36 of the Lombard Village Code as well as an Ordinance adopting the revised Downtown Retail Business Grant Program Policy.

AN ORDINANCE AMENDING TITLE 3, CHAPTER 36 OF THE LOMBARD VILLAGE CODE IN REGARD TO AMENDMENTS TO THE DOWNTOWN RETAIL BUSINESS GRANT PROGRAM

BE IT ORDAINED by the President and Board of Trustees of the Village of Lombard,

DuPage County, Illinois, pursuant to the Tax Increment Allocation Redevelopment Act (65

ILCS 5/11-74.4-1 et seq.), as follows:

SECTION 1: That Title 3, Chapter 36, Section 36.72-36.74 of the Lombard Village

Code are hereby to read in their entirety as follows:

§36.72 APPLICATIONS FOR GRANTS

A. Any property owner or business operator within the Eligible TIF Districts who wishes to start a new business or expand an existing business (hereinafter the "Project") may apply for a Grant by completing an application supplied by the Director. Applications shall be eligible for consideration provided that they meet the filing deadline established by the Director and provided the project meets the following eligibility criteria:

1. The building must be located within the limits of the Eligible TIF Districts;
2. The applicant must be either a commercial, office, or mixed-use building owner or a commercial, office, or mixed-use building tenant who has obtained the building owner's consent relative to the Project and application for the Grant evidenced by the building owner's signature on the application form; and
3. The Project involves eligible improvements as determined by the Director of Community Development and as set forth in the Downtown Retail Business Grant Program Policy dated September 3, 2008 and approved by the Village Board Ordinance No. _____, adopted _____, 2008 (hereinafter "the Program Policy").

B. Applications shall contain such information as required by the Economic and Community Development Committee from time to time, including but not limited to, an estimate of the Project costs; a business plan for the proposed business; a description of the building involved including ownership information and market value, as well as lease information, if applicable; the names and addresses of the applicants, and names and addresses of the architect and/or contractor being used in relation to the proposed project.

§36.73 GRANT APPROVAL

Recipients of Grants shall be chosen based on the characteristics of the Project, the potential benefit to the economic welfare of the Eligible TIF Districts and the amount of TIF Funds that are available. The detailed criteria for Grant Eligibility are established by and set forth in the Program Policy, as amended from time to time by the Village Board.

§36.74 DISBURSEMENT OF GRANT FUNDS

No Grant funds shall be disbursed unless all Project-related activities are undertaken in compliance with all applicable provisions of both the Program Policy and Village Code and until the Village receives an affidavit from the Grant recipient containing his or her sworn statement that he or she has paid at least one-half (1/2) of the approved cost of the Project. Original paid receipts amounting to at least one-half (1/2) of the approved Project cost must be attached to the affidavit and no disbursement of Grant Funds shall be made until such receipts are received. Upon receipt of the approved affidavit and receipts, the Village will release fifty percent (50%) of the approved Grant, subject to proper documentation. No further disbursement shall be made thereafter until an affidavit containing a sworn statement that the approved Project is complete is received, together with attached paid receipts for the remaining approved Project costs. Upon filing of such affidavit and receipts, the balance of the Grant shall be disbursed.

SECTION 2: 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 _____, 2008.

First reading waived by action of the Board of Trustees this _____ day of _____, 2008.
Passed on second reading this _____ day of _____, 2008, pursuant to a roll call vote as follows:

AYES :

ABSENT :

APPROVED by me this _____ day of _____, 2008.

ATTEST:

Brigitte O'Brien
Village Clerk

William J. Mueller
Village President

Published by me in pamphlet form this _____ day of _____, 2008.

Brigitte O'Brien
Village Clerk

AN ORDINANCE ADOPTING THE DOWNTOWN RETAIL BUSINESS GRANT PROGRAM POLICY

ORDINANCE NO. _____

WHEREAS, the Village of Lombard recognizes the importance of downtown Lombard as it relates to the economic health and quality of life of the community; and

WHEREAS, the President and Board of Trustees of the Village of Lombard, pursuant to

the Tax Increment Allocation Redevelopment Act (65 ILCS 5/11-74.4-1 et seq.) have amended Title 3, Chapter 36, Sections 70 through 74 of the Lombard Village Code for the establishment of a Downtown Retail Business Grant Program; and

WHEREAS, the Downtown Retail Business Grant Program must establish certain policies regarding the criteria and procedures for the disbursement of grants.

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 Downtown Retail Business Grant Program Policy, dated September 3, 2008 and attached hereto as Exhibit "A", is hereby adopted as the official program policy for the Downtown Retail Business Grant Program.

SECTION 2: 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 _____, 2008.

First reading waived by action of the Board of Trustees this _____ day of _____, 2008.
Passed on second reading this _____ day of _____, 2008, pursuant to a roll call vote as follows:

AYES :

NAYS :

ABSENT :

APPROVED by me this _____ day of _____, 2008.

ATTEST:

Brigitte O'Brien
Village Clerk

William J. Mueller
Village President

Published by me in pamphlet form this _____ day of _____, 2008.

Brigitte O'Brien
Village Clerk



DOWNTOWN RETAIL BUSINESS GRANT PROGRAM SEPTEMBER 3, 2008

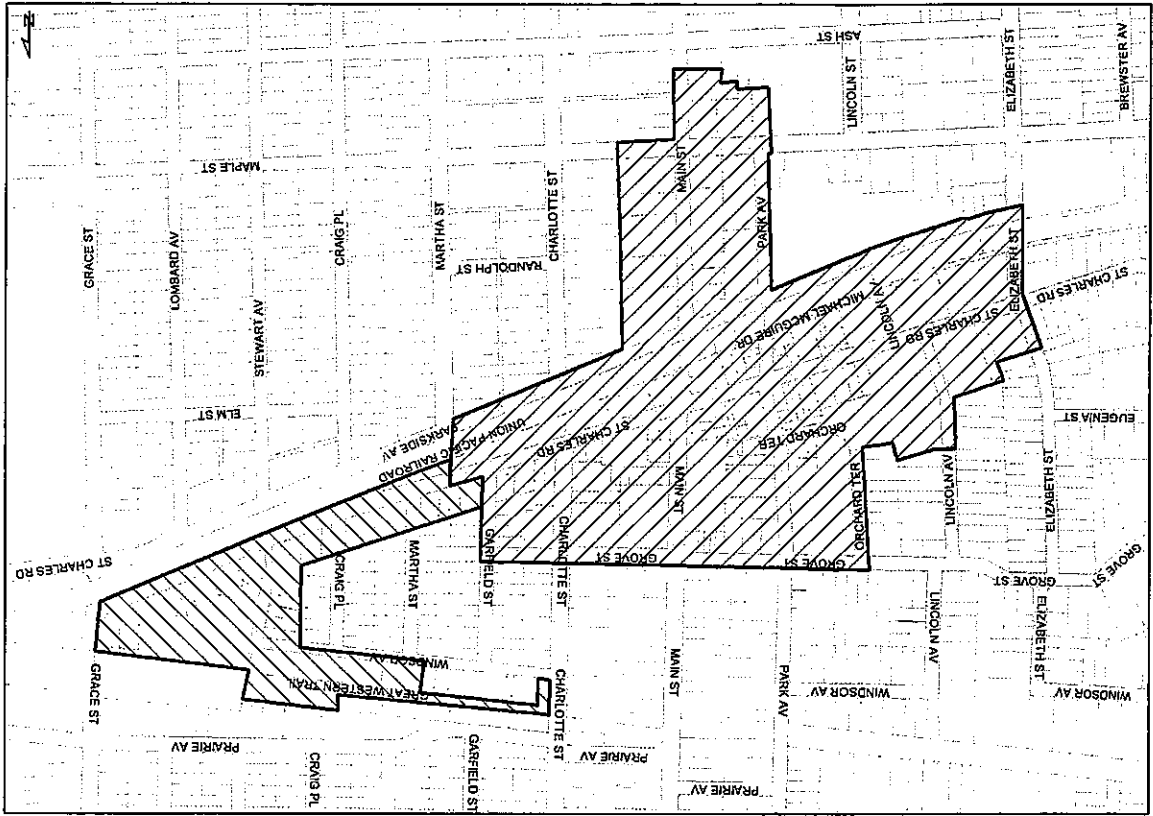
The purpose of the Downtown Retail Business Grant Program (hereinafter the "Program") is to increase the economic viability of Downtown Lombard by attracting targeted retail businesses and assisting existing businesses in the Downtown. The program will offer a 50% matching grant for eligible expenditures associated with helping the start-up of new businesses or the expansion of existing businesses in the Downtown. Priority will be given to businesses that best complement the Lombard Downtown retail mix and help strengthen existing retail clusters. Grant monies derive from TIF funds, and therefore priority will be given to businesses with projected tangible benefits to the TIF area.

Eligible TIF Districts

The Program will only be offered to businesses located within the Lombard Downtown TIF District or the Lombard St. Charles Road TIF District I (West) ("hereinafter the "Eligible TIF Districts"). The boundaries of the Eligible TIF Districts are shown on Figure 1 below. An existing business in Lombard that is outside of the TIF boundaries would not be eligible for funds unless it opens an additional location within the boundaries of the Eligible TIF Districts.

Figure 1. Eligible TIF Districts

-  Lombard Downtown TIF District
-  Lombard St. Charles Road TIF I (West)



Program Eligibility

Eligibility requirements are as follows:

1. **Expenditures.** Eligible expenditures include build-out of space, first three months of rent (existing business must move into a new space in the TIF area or expand their existing space), signage, moving expenses, visual merchandising, retail consulting, and licensed space designer (ASID). The program does not cover costs associated with production equipment, media marketing/advertising, payroll, day-to-day operational costs (e.g. utilities, taxes, maintenance), refuse, or product.

2. **Amount.** Participants will be eligible for up to \$20,000. Participants must expend verified funds and then will be reimbursed for qualified expenditures up to but not exceed 50% of acceptable expenditures. The Retail Business Grant Program shall not exceed \$20,000 per participant. The Economic and Community Development Committee may recommend amounts of less than \$10,000. Grants exceeding that amount will require Village Board approval.

3. **Ownership/Lease.** Applicants to the Retail Business Grant Program must either own or have a minimum three-year lease in a first floor retail location along a public street. In some instances, approval may be contingent upon a written lease from a landlord and the applicant.

4. **Eligible Businesses.**

- A. Priority will be given to retail businesses that best complement the Lombard downtown retail mix. A list of targeted retail categories is as follows: clothing stores, produce market, cd/music store, design/decoration/furniture, electronics, home improvement, specialty foods, crafts/toys/hobbies, custom jewelry, kitchen/home accessories, children's products, entertainment venues (which complement restaurants in the downtown), specialty retail, computer store, shoe store, and art shops/galleries. Other stores may be eligible for the Program, subject to review by the Economic and Community Development Committee.

- B. Service businesses with a substantial retail component are potentially eligible for the Program. The dollar amounts awarded to service businesses with a substantial retail component will be a function of the amount and nature of the retail component associated with the business. For service businesses with substantial retail components that were previously in operation, sales data shall accompany the application. For start-up new service businesses with substantial retail components, up to half of the maximum possible grant award (i.e., no more than \$10,000) of can be awarded with the start-up of the business. Notwithstanding the procedural requirement that prohibits applications after a Certificate of Occupancy has been issued, a start-up new service business applicant who is granted half of an award has the ability to make a second application for an additional half of an award (i.e., no more than \$10,000) after a one year period of time, with the ECDC considering the retail sales tax figures as part of the second application.

Appeals. If the application is rejected by the Economic and Community Development Committee, the applicant may resubmit the application after addressing the application deficiencies, or appeal the decision. If the applicant chooses to appeal the decision, a letter of appeal and supporting documentation must be sent to the Director of Community

10.

Evaluation. The Economic and Community Development Committee will review all applications on an as-needed basis. Proposals shall be evaluated on their viability, their contributions to the TIF districts retail mix, their support to the Village tax base and their completeness and eligibility. An applicant may be required to submit a personal financial statement. A successful business plan will be the one that conveys the most promising combination of financial feasibility, product and market knowledge, growth potential, job creation and financial need.

9.

Administration. The program will be jointly administered by the Department of Community Development and the Lombard Towne Centre. All Applications will be reviewed by the Economic and Community Development Committee. If the amount of the grant is less than ten thousand dollars (\$10,000) or less, the Economic and Community Development Committee has the authority to approve the grant. If the amount of the grant is greater than ten thousand dollars (\$10,000), the Economic and Community Development Committee will forward a recommendation to the Village Board, who will then determine whether the grant should be approved. A separate request for a building permit, an electrical permit and/or other permits and licenses shall be submitted to the Bureau of Inspectional Services.

8.

Conformance. All improvements must conform to current building and zoning codes of the Village of Lombard. Any exterior improvements completed in the Lombard Downtown TIF District must conform to the *minimum design criteria* outlined in the "Downtown Lombard Improvement Plan" dated March 26, 1987. The business owner must maintain the property in compliance with all federal and local laws, ordinances, and regulations.

7.

Main Street Organization. Recipients of a Grant through the Program must maintain an active membership in the Lombard Towne Centre Organization.

6.

Fees. Professional, architectural, engineering, and Village permit fees may be included in the total improvement costs. The Program will fund up to twenty-five percent (25%) or one thousand five hundred dollars (\$1500), whichever is less, of architectural rendering fees prior to Project approval of the improvements. All requests for architectural rendering fees prior to approval must have proper documentation and invoices. There are no application fees associated with the Program. However, if an applicant owes money to the Village all accounts must be brought current before any portion of the Grant is disbursed.

5.

C. Resale stores and service businesses without a substantial retail component are not eligible for the Program.

Development within ten (10) days of the rejection with said letter stating the reason for the appeal. The letter of appeal and supporting documents will then be forwarded to the Village Board. The Village Board will address the appeal at a Village Board meeting and make a final determination relative to the application. The denial of the appeal by the Village Board shall not preclude an applicant from submitting a new application for the Program. The Village Board has the right to amend or waive program terms and conditions to accommodate special circumstances.

11. **Business Plan.** Business plans should not exceed sixteen (16) double-spaced pages including exhibits and should include as many of the following as possible:

- A. Description of your business and industry
 - 1. Your business
 - 2. The industry and its history
- B. Features and advantages of your product
 - 1. Description
 - 2. Competitive advantage
 - 3. Proprietary position
 - 4. Future potential
- C. Market research and analysis
 - 1. Definition of your customers and markets
 - 2. Market size and trends
 - 3. Competition
- D. Estimated market share and sales
 - 1. Market plan
 - 2. Market strategy
 - 3. Pricing
 - 4. Sales tactics
 - 5. Service and warranty policies
 - 6. Advertising, public relations and promotions
- E. Design and development plans
 - 1. Development status and tasks
 - 2. Difficulties and risks
 - 3. Costs
- F. Operation plans
 - 1. Business location
 - 2. Facilities and improvements
 - 3. Strategy and plans
 - 4. Labor force

12. **Procedural Requirements.** Participants in the Program must accomplish the following steps:
- A. Candidates for the Retail Business Grant Program should contact the Department of Community Development or Lombard Town Centre for applications. Applications may be obtained from and submitted to either:
 Dept. of Community Development
 225 E. Wilson Avenue
 Lombard, IL 60148
 630.620.5749
 Lombard Town Centre
 102 W. St. Charles Rd., Ste 2
 Lombard, IL 60148
 630.620.8063
 - B. Candidates shall submit the following documents:
 1. Application form;
 2. Preliminary plans and preliminary cost estimates;
 3. Business plan;
 4. Details of signage and/or awning design;
 5. Proof of ownership, lease, and/or owners approval;
 - C. After review by the Economic and Community Development Committee, and approval of the grant by either the Economic and Community Development Committee, and
 - I. Critical risks and problems (how will you respond?)
 1. Price cutting by competitors
 2. Unfavorable industry-wide trends
 3. Operating cost overestimates
 4. Low sales
 5. Difficulties obtaining inventory or supplies
 6. Difficulty in obtaining credit
 7. Lack of trained labor
 - J. Financial Plan
 1. Profit and loss forecasts for 3 years (first year monthly)
 2. Cash flow projections for 3 years
 3. Performance balance sheet at start-up, semi-annually in the first year and at the end of 3 years
 - H. Overall Schedule
 1. Timing of critical activities before opening (e.g. company incorporation, signed lease, suppliers ordered, employees hired, opening date)
 2. Timing of critical activities after opening, (e.g. expansion, product/service extension)
 - G. Management Team
 1. Key management personnel (credentials/resume)
 2. Management assistance and training needs

L. All businesses must submit applications and complete review by the ECDC prior to the opening of the business in the TIF area. Once a Certificate of Occupancy has been issued for a business, the business is no longer eligible to apply to the

K. All eligible expenditures will be matched by the Village of Lombard at 50% of costs as designated by an appropriate receipt or invoice. Overall costs may be submitted up to \$40,000 within twelve months after registering the business with the Village of Lombard or applicant approval of the Retail Business Grant Program if the business is already registered.

J. Upon determination of conformance, and receipt of the affidavit, the Village will process and disburse the remaining amount of the loan.

I. Upon completion of the Project and after all final inspection from the Bureau of Inspectional Services have passed, the building will be inspected by a representative of the Community Development representative for conformance with the application.

H. The applicant must submit an affidavit containing his or her sworn statement that he or she has paid at least one-half (1/2) of the approved cost of the Project. Original paid receipts from contracts amounting to at least one-half (1/2) of the approved Project cost must be attached to the affidavit. Upon verification of the affidavit and receipts, the Village will release fifty percent (50%) of the grant funds.

G. Prior to the issuance of any grant funds, the applicant must submit to the Village a completed Illinois sales tax release form.

F. Upon issuance of the Notice to Proceed, improvements and renovations may start after the required building permits have been issued. All necessary inspections should be coordinated through the Village's Bureau Inspectional Services (BIS).

E. Upon receipt of the items set forth above, a "Notice to Proceed" shall be forwarded to the owner/applicant by a representative of the Department of Community Development.

- 1. Submit final plans and cost estimates to the Department of Community Development and apply for proper building permits.
- 2. Submit three (3) contractor bids for the work outlined in the application. Also, indicate the preferred contractor.
- 3. Submit a fully executed Grant Agreement.

D. Upon receipt of the "Certificate of Eligibility", the owner and/or applicant shall proceed as follows:
 "Certificate of Eligibility" will be forwarded to the owner/applicant. Committee or the Village Board, depending upon the amount of the Grant, a

Retail Business Grant Program unless the application is for an expansion meeting the Program criteria. A new or expanding business either must open for business or have expanded their business within nine months from the date of grant approval, or all grant funds shall be forfeited.

For further information contact:

**Village of Lombard
Community Development Department
255 E. Wilson Ave., Lombard, IL 60148
(630) 620-5749**

or

**Lombard Town Centre
102 W. St. Charles Rd., Ste 2, Lombard, IL 60148
(630) 620-8063**