

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

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

TO: PRESIDENT AND BOARD OF TRUSTEES

FROM: David A. Hulseberg, Village Manager

DATE: August 7, 2012 (BOT) Date: August 23, 2012

TITLE: Downtown Tax Increment Financing (TIF) District Funds – Carriage House Addition

SUBMITTED BY: Department of Community Development *WLB*

BACKGROUND/POLICY IMPLICATIONS:

The Economic and Community Development Committee (ECDC) transmits for your consideration its recommendation relative to the above-mentioned matter.

The ECDC unanimously voted to concur with the recommendation to utilize Downtown Lombard TIF funds as a funding source for the project.

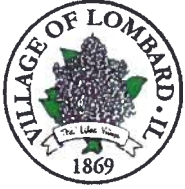
Please place this item on the August 23, 2012 Board of Trustees agenda.

Fiscal Impact/Funding Source:

Review (as necessary):


Village Attorney X \_\_\_\_\_ Date \_\_\_\_\_  
Finance Director X \_\_\_\_\_ Date \_\_\_\_\_  
Village Manager X \_\_\_\_\_ 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:** David A. Hulseberg, AICP, ICMA-CM, Village Manager

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

**DATE:** August 23, 2012

**SUBJECT:** TIF Funding for Carriage House Project

At the July 31, 2012 meeting of the Economic and Community Development Committee (ECDC), the Committee discussed future funding activities for Downtown Lombard. Of particular focus was a discussion of the Carriage House project currently under construction and whether the ECDC was supportive of utilizing Downtown Lombard TIF funds for the project.

Staff noted that the existing Capital Improvements Program (CIP) and companion Village Budget adopted by the Village Board included the Carriage House project and identified Downtown TIF funds as the funding source. The purpose of bringing this item to the ECDC was to inform the members of the allocation and to solicit input and a recommendation from the Committee as to whether they were supportive of utilizing such funds for the project. Village staff presented the attached memorandum and provided a history of the project. Staff noted that the funding consideration included an \$81,000 contribution for selected capital improvements as well as a collateralized loan to allow for the project to proceed as quickly as possible, given matching grant time constraints set by the State.

The Committee was informed that the approval of an intergovernmental agreement amendment between the Village and the applicable taxing bodies provides additional funds for downtown improvements such as the Carriage House and other projects that advance the Downtown Revitalization Guidebook. As historic preservation is a primary mission of the Illinois Main Street Program, the project is therefore consistent with its objectives. Lombard Town Centre expressed its support.

### RECOMMENDATION

The ECDC unanimously voted to concur with the recommendation to utilize the Downtown Lombard TIF funds as a funding source for the project. As the previously adopted CIP and Village Budget previously identified the TIF funding allocation, no action is needed by the Village Board.



## MEMORANDUM

**TO:** Peter Breen, Chairperson  
Economic and Community Development Committee

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

**DATE:** June 12, 2012

**SUBJECT:** Carriage House Activities, CIP Expenditures and Future Tax Increment District Allocations

As noted at past meetings of the Village Board and the Economic and Community Development Committee (ECDC), the Village has been discussing and addressing the existing and future programs and activities that are funded through the Village's Downtown Lombard Tax Increment Financing (TIF) funds. This memorandum provides background information relative to the Carriage House project funding partially using TIF dollars and was included within the Village's Capital Improvement Program (CIP). In addition, the memorandum provides the following updates and background narrative relative to the status of this fund. Staff is seeking input from the ECDC regarding future allocations.

### CARRIAGE HOUSE DISCUSSION

Discussion at the last Village Board meeting included the aforementioned Carriage House improvements to the Historical Society and its funding structure as set forth in the previously executed intergovernmental agreement with the Historical Society. The project was included within the CIP and was recommended for approval by the Public Works Committee. The Village Board approved the attached agreement in February, 2012 and the bid award on May 11, 2012. Two key components are noted as part of the funding component of the agreement:

#### Component 1: Loan Provision

To facilitate the work to be done by December 31, 2012 to meet previous grant obligations from the State of Illinois (in the amount of \$70,000), and in an effort to work cooperatively, the Village Board agreed to provide for part of the project construction using Village funds as a loan. This loan shall be reimbursed by the Historical Society using the grant funds and other donations and revenues. The Society represented that they had collateral in the form of Certificates of Deposit and past donations totaling \$73,296. The project went to bid and the construction bid award was given in the amount of \$120,500. Construction will commence shortly. Between the collateral amount and the state grant funds, the construction bid amount will be covered and will be reimbursed back to the Village within the defined two year reimbursement period.

**Component 2: Capital Improvement Contribution**

Separately from the building construction, the Village is also contributing to the project by paying for sanitary sewer and water service to the Carriage House, construct sidewalks, and provide alarm and suppression systems at the Village's expense. The anticipated cost for these improvements is \$81,000. The CIP identified this allocation to be from the Downtown Lombard TIF fund and this expenditure is not intended to be reimbursed by the Society.

Staff believes utilizing TIF dollars for such projects can be deemed appropriate as it enhances an existing public historical structure within the existing boundaries of the existing TIF District, is consistent with the intent of TIF statutory eligible expenses, advances the preservation goals of the overall Illinois Main Street organization. With the TIF IGA amendment nearing approval, staff recommends that the ECDC consider the appropriateness of partially funding the Carriage House project utilizing TIF funds.

**OTHER CIP APPROVED PROJECTS**

Three other key projects were included within the approved CIP for the downtown area. The Train Station pedestrian underpass project, consisting of aesthetic enhancements to the Metra improvements was approved in the amount of \$150,000. The CIP also recognizes the need for ongoing maintenance, repair and enhancements and identifies funding for \$25,000 in annual downtown streetscape improvements. Lastly, the CIP identifies the Right-of-Way Beautification Program, consisting of ongoing maintenance and enhancements, as set forth within the 2009 Landscape Plan in the amount of \$15,000 annually. The Landscape Plan was previously reviewed and supported by the ECDC at the October 7, 2009 meeting. As these projects were identified with the adopted Downtown Landscape Plan Enhancements or the Revitalization Guidebook/Plan, staff supports their expenditures using TIF funds.

**EXISTING FUNDS/EXPENDITURES**

At the May 17, 2012 Village Board meeting, the question of future TIF expenditures was raised. As referenced at past ECDC meetings, the Village, along with the other taxing bodies, agreed to re-baseline the Downtown TIF in 2012 and redistribute TIF increment to those taxing bodies through a companion intergovernmental agreement (IGA). The IGA was undertaken in concert with the life extension of the Downtown TIF District to the maximum 35 years (2023). The IGA provides for future generated increment from the equalized assessed valuations (EAV) to be declared surplus and redistributed back to the taxing bodies. The only exceptions to this were any EAV generated from the 101 S. Main Street (former DuPage Theatre site) or any additional EAV created after the re-baselining occurs. After the IGA was approved, the Village has subsequently seen a decrease in EAV for properties in the downtown in 2010 & 2011 resulting in less increment than original projections. Since this trend may continue, it is probable that the Village may receive little to no increment dollars in the Downtown TIF.

The Downtown TIF had approximately \$1 million to spend on capital or tangible projects. Considering other previously established agreements with other taxing bodies as well as a review of commitments for debt service, and other designated projects and activities, the remaining discretionary dollars was closer to \$580,000. It was this \$580,000 figure that was used as the basis for undertaking a planning/funding exercise with the ECDC last Fall in order to determine

what the future priorities are for the downtown as well as how limited funding would affect downtown improvement activities.

### **INTERGOVERNMENTAL AGREEMENT AMENDMENT**

Subsequent to the TIF Budget Exercise, the Village sought a way to amend the previously adopted IGA to provide for an additional revenue stream for the TIF in order to further the objectives of the adopted Downtown Revitalization Guidebook. The amendment would provide for ten percent of the previously identified funds as surplus funds for redistribution to remain within the TIF, in furtherance of the TIF District redevelopment plan and project activities. Staff has been in dialogue with the affected taxing bodies and has been receiving support from the taxing bodies for the amendment. Staff anticipates that the Village Board will be considering the IGA amendment at its June 21, 2012 meeting.

Based upon very preliminary estimates from the Finance Department, it is estimated that the IGA amendment will result in an additional \$4.5 to \$6.5 million in revenues that will be made available to the TIF over the remaining life of the TIF, subject to market factors and property valuations, after the remaining annual declared surplus is redistributed to the taxing bodies. This figure is in addition to any existing funds of \$580,000 that was already identified for possible future projects.

### **FUTURE ALLOCATIONS**

In consideration of the additional increment, the ECDC is being asked to consider the various program and activity options available for such future activities. As a start, staff offers the previously approved allocations identified by the Village Board in various approved documents as well as other primary expenses associated with the TIF. Attached is a table listing various programs previously identified within the Guidebook/Plan or elsewhere for consideration with an estimated cost for the respective program over the remaining life of the TIF.

### **Capital Improvement Program Expenditures**

Utilization of TIF dollars for capital improvements was one of the primary purposes of establishing a TIF District. The CIP is a primary management document that identifies specific projects and projected expenditures for capital improvements to be undertaken by the Village and is reviewed by the Public Works Committee annually before it is transmitted to the Village Board for final consideration. The CIP is funded through the Capital Projects Fund, the Water/Sewer Capital Fund, the Hotel/Motel Tax Proceeds and though Tax Increment Financing (TIF) Dollars. With respect to TIF downtown expenditures, the current CIP included the Metra Station Underpass project (now to be undertaken in 2013), the aforementioned Carriage House project, ongoing Downtown Streetscape Improvements and Downtown Right-of-Way Beautification Program. In total, these projects total \$638,500 over the remaining TIF life.

### **Other Future Capital Expenditures**

While not specifically noted within the CIP, TIF funds can be allocated to project improvements without being placed within the CIP. Examples of these projects include the grant program funds for repairs to infrastructure (such as repairing the screen wall at the Marathon/Dunkin Donuts) or to implement activities within the downtown area, such as design or aesthetic

improvements for outdoor seating/dining, street furniture, sidewalk leveling and repair, or special requests (such as public banners) and for smaller enhancements. Attached is a compendium of the possible expenditures over the next twelve years that could be expended using TIF funds. Staff notes that almost \$5.9 million is allocated through these projects, which would be at the high range of the total dollars to be generated through the TIF through the final extension period.

**ACTION REQUESTED**

In light of the pending activities, staff is bringing this item to the ECDC for discussion and consideration. Specifically staff is seeking direction from the ECDC on the following:

1. Given the pending amendment to the TIF IGA, is there support for using TIF funds for the Carriage House project in the amount of \$81,000 for the public utility improvements, sidewalks, and provide alarm and suppression systems?
2. Is there support for using TIF funds for the Metra pedestrian underpass aesthetic improvements, the ongoing public right of way maintenance and aesthetic enhancements?
3. In review of the listed projects, does the ECDC support the items identified for possible inclusion within the long term funding plan by the TIF? Are there any other projects worthy of consideration?