



MEMORANDUM

TO: Peter Breen, Chairperson
Economic and Community Development Committee

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

DATE: November 9, 2011

SUBJECT: **Lombard Town Centre 2012 Funding Request**

As introduced at the October 5, 2011 meeting, the Lombard Town Centre (LTC) has made their formal funding request for 2012. As proposed, the LTC is requesting two (2) funding options:

1. Option 1 (attached as Exhibit Q) includes a funding request of \$38,500 to continue funding for a part-time Executive Director. As indicated by the LTC, the request was increased from \$35,000 to allow for some performance incentives.
2. Option 2 (attached as Exhibit R) includes a funding request of \$53,000 to allow for a full time Executive Director. The LTC has indicated that should they remain a Main Street Organization, they will be required to have a full time Executive Director.

The ECDC and ultimately the Village Board is asked to review the funding request and make a recommendation as to the level of funding support that should be provided. Staff notes that the Lombard Downtown Revitalization Project Guidebook, adopted by the Village Board earlier this year set forth and identified a strategy to improve Downtown Lombard's public and private partnership. Specifically the Guidebook identified tasks for both the Village and the LTC (page 94, attached as Exhibit T), stating:

Review Village support role:

- a. Is the right model in place?
- b. Are the relationships and responsibilities clear?
- c. Is there a sustainable vision for funding?

Review Lombard Town Centre role:

- a. Is their vision aligned within the Downtown Plan?
- b. Are leaders identifying issues before they are crises?
- c. Is the right funding available?
- d. Is the funding sustainable?

As part of the implementation efforts by both parties, a discussion and narrative is offered for the ECDC's consideration as it pertains to future funding. For reference purposes, the funding request being made by the LTC is attached and includes the following documents:

Exhibit A

Letter from Dan Whittington, LTC President dated October 18, 2011 highlighting their funding request.

Exhibit B

List of the current LTC Board of Directors.

Exhibit C

2010/2011 LTC Annual Report updating the status of the various goals and objectives.

Exhibit D

List of achievements beyond the submitted goals for April-October, 2011.

Exhibit E

A list of 3 items from the Downtown Plan (Implementation Section) that the LTC have already done or will do within the next year.

Exhibit F

A list of additional goals for LTC in 2012.

Exhibit G

LTC response to how Village Operations could be impacted should their funding be cut or eliminated.

Exhibit H

LTC Financial Policies.

Exhibit I

Updated SMART Goals related to filling Downtown vacancies.

Exhibit J

Updated SMART Goals related to performance improvement for business outreach.

Exhibit K

Updated SMART Goals related to business membership.

Exhibit L

Updated SMART Goals related to residential membership.

Exhibit M

Updated SMART Goals related to business retention.

Exhibit N

New SMART Goals related to Facebook and social media interaction.

Exhibit O

New SMART Goals related to locating a Design Chair.

Exhibit P

Local newspaper articles related to LTC efforts.

Exhibit Q

Proposed 2012 Budget with a requested funding amount of \$38,500.

Exhibit R

Proposed 2012 Budget with a requested funding amount of \$53,000.

Background

LTC was initially established in 2005 to be a grass-roots organization that would follow the program elements established and set forth through the National Trust for Historic Preservation's Main Street and the Illinois Main Street programs. Approved Main Street programs establish four core areas as part of the requisite organizational framework, including design, organization, promotion and economic restructuring elements. To date, the LTC has 54 total members. Of those members, 14 are businesses located directly downtown.

As noted on their web-site, LTC is a community-based organization, dedicated to preserving and promoting our historic downtown as the heart of Lombard and a vibrant commercial destination. The LTC identifies their vision as one that creates and sustains a flourishing Downtown business district that preserves the history of our Village for the benefit of residents and visitors, now and in the future.

LTC Funding History

In 2005, the Village made a commitment to fund at least one-third of LTC's budget for its first three years of the organization's existence, in an amount not to exceed \$75,000 per year. The intent of the initial funding allocation by the Village was to provide funds for the startup operations of the LTC. It would also free the organization and the Executive Director (ED) to undertake professional downtown marketing and economic development activities without having to spend significant time on private fundraising activities until the organization had time to establish itself. Additional one year funding commitments of \$75,000 per year were approved by the Village in 2008 and 2009.

In 2010, the ECDC and Village Board approved funding for the LTC in the amount of \$35,000 for a 30 hour per week part-time ED position with some reporting function to the Director of Community Development; however it would be a LTC employee. The intent of the reporting function would be similar in role and activity to a professional consultant working on behalf of the Village. The position would be funded through the LTC grant from the Village and would serve as a liaison between the LTC Board and the Village. In the past, much of the ED's time was spent on fundraising and membership activities, which detracted from the core responsibilities of the position. As a result, the part-time ED position was intended to focus mainly on economic development activities and filling vacancies and the position would be reconsidered with each year's funding request.

On May 19, 2011, the Village Board approved funding for the LTC in an amount not to exceed \$14,292 paid through the end of the 2011 calendar year (Resolution attached as Exhibit U). Rather than provide for a full year's funding, the ECDC recommended and the Village Board approve a 6 month funding program. The intent was to align the LTC funding request with the Village's overall budget process, which begins in the fall. In addition, the approved amount,

which is paid monthly, was based on the LTC having a 25% cash reserve at the end of the 2011 calendar year.

Overall, Lombard Town Centre was granted a total of \$424,292 for operating funding for the 2005 through 2011 years. Funding from the Village has recently comprised about 3/4ths of all of LTC's funding.

TIF Status & Long Term Funding

TIF Status

As previously referenced at past ECDC meetings, in 2007, 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. This was necessary in order to extend the Downtown TIF district to the maximum 35 years (2023). With the decline in the economy, the Village has seen a decrease in equalized assessed valuations (EAV) for properties in the downtown in 2010 & 2011 resulting in less increment than originally projected. Since we anticipate this trend to continue, it is very likely that the Village may receive little to no increment dollars in the Downtown TIF.

The Village is anticipating that the Downtown TIF has approximately \$1 million to spend on capital or tangible projects. This amount already includes certain TIF obligations such as the Elmhurst Memorial agreement and Park District/Norwood Lincoln Place agreement. However, it does not include the approximately \$120,000 for the Union Pacific Pedestrian Tunnel Project, which would reduce the available funds to approximately \$880,000.

Moreover, there are two properties (Hammerschmidt and the 115 W. St. Charles Road former Jirsa property) that were paid for out of Village general funds that could be reimbursed by the TIF in the future. The amount the general fund that could be reimbursed is approximately \$1 million. While the Village does not anticipate refunding the general fund in the full amount, should Village revenues substantially decrease unexpectedly, some reimbursement might be necessary. Other future expenditures include:

- School District 87 Vocational Advisor (+/- \$16,000/year per a previously approved agreement)
- Train Station Maintenance (+/- \$8,500/year, however this may significantly increase with the upcoming pedestrian underpass project)
- Village of Lombard personnel costs for administration (+/- \$57,000/year)
- Right-of-way beautification and streetscapes (+/- \$34,000/year)
- Village grants (budgeted at \$100,000/year as a place holder)
- Downtown Plan implementation (including Village public improvements and/or other costs to implement the plan)

Staff notes that given the declining EAV and other TIF obligations/agreements, any future TIF expenditure needs to be reviewed in the context of the existing fund balance as we should not expect any future increment in the near term. There is \$880,000 of TIF funds available for the Downtown to spend on improvements and activities. Therefore, should the ECDC recommend to the Village Board some level of funding to the LTC, they should make a finding that it is in the Downtown's best interest, recognizing that this immediate expenditure is of a higher priority than other improvements identified in the Downtown Plan.

Long Term Funding

At the October 5, 2011 ECDC meeting, a few members expressed the desire to see the LTC develop a long term funding plan. While the submitted information provided does indicate increased activities to raise revenue through memberships, special events and sponsorships, it only addresses their financial need for 2012. If the ECDC is to consider long term funding for the LTC utilizing TIF funds, the limited potential for no TIF increment to fund LTC beyond 2013 should be taken into consideration.

In review of past LTC expenditures, the primary expense incurred by the organization is the salary of the LTC ED position. Other primary expenses include rent of the 104 W. St. Charles Road office space, associated utilities and office overhead. Other incurred costs include expenditures for their various events and monthly meetings.

Items for Consideration

The ECDC is asked to make a recommendation to the Village Board regarding future Village funding and roles and responsibilities for the LTC. In consideration of this funding request, the ECDC should review the documents submitted by the LTC and make a determination as to what appropriate future funding levels would provide the Village with an appropriate return on its fiscal investment. This review can include:

1. Past goals and accomplishments and their level of success, particularly related to economic development and outreach efforts as this was a key goal in previous funding approvals;
2. Past efforts to promote the downtown;
3. Review of their ability to advance the economic vitality of the downtown; and
4. Review of their proposed goals and activities

As with the 2010 & 2011 funding request, staff offers the following options for the ECDC:

Option 1: Deny Funding

If the ECDC finds that in review of the LTC request and performance that additional funding is not warranted, funding could be denied. It should be noted that if no funding is provided directly by the Village, they estimate that they could continue operations in their current manner for approximately the next 3-6 months as they estimate to have approximately \$15,000-\$20,000 in reserves at the end of 2011. It should also be noted that if this option is selected, the organization can remain in operation; however, its operations would be contingent upon the LTC securing funding from private and other funding sources.

Option 2: Limited Selective Funding

This option would take a cafeteria approach to funding LTC for specific projects or events. For example, according to their proposed 2012 budget, they anticipate spending \$3,000 on next year's Spooktacular event. Rather than having to fund it entirely by using their existing reserves, they could seek a grant from the Village to help offset those costs. This approach would allow them to devote those reserves to other activities to assist the overall organization. Many of their recent accomplishments and successes, as outlined in their submitted documents, have come from their special events and volunteer efforts. For comparison purposes, some co-sponsored events the Village operates with the Lombard Chamber of Commerce operate in this manner.

Based upon the 2012 budget, the Village could provide up to \$9,710 for their events. This option would be most favorable if the ECDC finds that the community-related events are the primary asset to the organization and that based upon their past efforts and successes, they can be tasked to continue these efforts.

Option 3: Part Time ED Funding (\$38,500)

This option includes a funding request of \$38,500 to continue funding for a part-time Executive Director (30 hours/week). As indicated by the LTC, the request was increased from \$35,000 to allow for some performance incentives (bonus). This option most closely reflects their current operations.

Option 4: Full Time ED Funding (\$53,000)

This option includes a funding request of \$53,000 to allow for a full time Executive Director. The LTC did provide a summary of items they feel the extra hours will allow time for. Some include:

- Business recruitment
- Develop and distribute promotional materials
- Assist with Downtown Plan implementation
- Encourage Property upkeep and assist with grants
- Act as the “eyes and ears” for the Village
- Promote business awareness
- Facilitate partnerships among businesses and community groups
- Implement the Passport program
- Provide WiFi and other amenities to broaden downtown’s appeal
- Host informational meetings

It should be noted that many of the items noted above are already minimum required duties and functions of the position (see attached job description as Exhibit S). The LTC ED should be focusing 30 hours/week on these items per the agreement with the Village. It was arranged by the LTC Board to have the ED work a few additional hours per week on more administrative and committee support functions separately paid by the LTC reserves. Most of the special event activities are orchestrated by and through the LTC Board members and volunteer efforts and the funding from the Village has not been significantly applied toward these activities.

Main Street & Full-Time ED

The LTC has indicated that should they remain a Main Street Organization, they will be required to have a full time Executive Director. Village staff did speak with Amy Martin from the Illinois Department of Commerce & Economic Opportunity about the full-time ED requirement. Although Ms. Martin is the former Interim State Coordinator, she is still actively involved with the program and she informed us that a Main Street community can be both a “Nationally Accredited” Main Street Program and a “State Designated” Main Street Program. Currently, Lombard is a “State Designated” Main Street Program. According to her, the full-time ED is required for national accreditation. However, with the state designation, it is “strongly encouraged” but she said the State will work with each program to assist with finding funding for the additional the full-time ED on an annual basis. Some suggestions they have offered other Main Street communities to reach the full-time work include:

- Pay volunteers \$1/year to make up the additional hours
- Assist with finding other sources of revenue
- Assist with fundraising efforts

Furthermore, she made it clear that the municipality is not required to pay for the full-time ED. Staff notes that LTC is the only Main Street organization in DuPage County and that being a designated or accredited Main Street program is not a requirement for a successful downtown. LTC could continue utilizing Main Street structure without the designation. Other successful downtowns such as Downers Grove, Wheaton, Elmhurst and Naperville are not Main Street organizations. Staff also notes that the LTC and/or the Village has not received any significant level of services from the state over the past two years and that the Illinois Main Street program has not been in good standing with the National Main Street Organization.

Village Role

Should options 1 or 2 be recommended, the LTC could continue on its own, similarly to the manner Downtown Lombard United operated in the 1990s or as the Lombard Area Chamber of Commerce exists. Village staff would advance the economic development and business recruitment efforts within the downtown area, utilizing TIF expenditures to accomplish this additional activity. 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 manages the TIF grant program activities and is actively involved in identifying and meeting with prospective businesses. The Village already receives many calls a week from perspective businesses interested in the downtown. Existing Village staff would play a more active role and 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. As the downtown is a key priority set forth by the Village Board, staff will continue to advance this activity with its current resources.

In addition, fund reallocation would also likely be made to allow for community recommended capital improvements and programs identified in the Downtown Plan (such as branding implementation and streetscape enhancements), and staff would play an increased role in its implementation. While the social and promotional activities would have to be re-evaluated or restructured, staff notes that much of those activities are already being done by the LTC with their volunteer base and partner organizations (Park District, Library, Historical Society, Chamber, etc.) with the Village already playing an active role.

If options 3 or 4 are chosen, the role of the Village and its staff would be largely unchanged, as Village staff would still be responsible for all TIF legal obligations, grant review, planning activities and providing basic essential government services.

Allocation Review

As noted, given limited and finite TIF resources available, future allocations should also be reviewed in the context of all potential downtown expenditures. As such, to assist the ECDC in their review and consideration of the funding grant request, staff will be preparing and presenting an exercise for the ECDC members to undertake at the meeting itself. This activity will identify all of the possible capital projects and operational activities that were identified within the plan

that are intended to utilize public funding. The ECDC members will be asked to rank those projects or activities from most important to fund from highest to lowest, recognizing budget limitations. Within this ranking, the members can then provide context to the funding request and can then make an informed decision based upon the ranking exercise.

Recommendation

The ECDC should review the materials provided by the LTC and staff and make a recommendation to the Village Board on what level of funding should be provided to the LTC for 2012. Should the ECDC recommend to the Village Board to provide some level of funding to the LTC, they should make their findings based upon consideration of their desired funding priorities for the Downtown.