

**VILLAGE OF WAUCONDA
JOINT
ECONOMIC DEVELOPMENT COMMITTEE MEETING
AND
BUILDING AND ZONING COMMITTEE MEETING**

**TUESDAY, JUNE 7, 2011
MINUTES**

CALL TO ORDER: Chairman Barbini called the EDC Meeting to order and noted that Trustees Buster was present and Trustee Starkey was absent. Chairman Buster called the B & Z Committee Meeting to order and noted that Trustee Arnswald was present and Trustee Knight was absent. The joint meeting was called to order at 5:30 pm.

Others present included: Mayor Knigge, Trustee Black, Administrator Geary, Village Attorney Rudy Magna, Police Chief Larsson, Joe Schwarz, Linda Krajniak, Jackie Soccorso, Alex Pryde, Ted Hennessy, John Thibault, Tracy Fessler, Debra Ogorzaly, Zaida Torres, Chris Miller and Jeramiah Yeksavich of Rolf C. Campbell & Associates (RCCA/MCL), Village Planning and Zoning Consultants, and Danielle Gensburg. Other individuals arrived as the meeting neared end.

APPROVAL OF MAY 10, 2011 JOINT MEETING MINUTES: Chairman Barbini requested whether any of the Trustees had questions or changes to the minutes. There were none and the minutes were approved by a voice vote with all Trustee present voting Aye.

OPENING REMARKS: Chairman Barbini indicated that at the May 10, 2011 Joint Meeting that the Committee was going to continue discussion at the June 7, 2011 Meeting, but it was decided that more time was needed to review potential economic incentives at the present June 7th meeting.

POTENTIAL ECONOMIC DEVELOPMENT INCENTIVE DISCUSSION: Village Attorney Rudy Magna began discussion of potential economic development incentives. He briefly discussed how incentives may impact the community both in a positive and negative manner. How "TIF Districts" (Tax Increment Finance Districts) may be used to advance funds for needed improvements, but that the community needs to be certain that revenue from the TIF is coming in prior to expending the funds. Mr. Magna discussed relationships between Capital Facility Budgets, Capital Facility Plans and Impact Fees. He also noted that many times proposed new developments will provide a "Fiscal Impact Study" which reviews and studies relationships of potential revenue, costs and time lines used in assessing the economic viability of a project to the community. Questions raised by Committee Members included: affects on taxing bodies and when referendums are used. During discussion "unique and attributable" conditions and the affects upon existing capacity to serve the community with necessary services were noted as something to consider when offering incentives.

Jeramiah Yeksavich reviewed and discussed various "Potential Economic Development Incentives for Annexation and Redevelopment" with the Committee Members. A nine page handout reviewed by Mr. Yeksavich is attached.

After discussion of potential economic development incentives the Committees discussed "what next" and considered the possibility of beginning a review and update to the Village Comprehensive Plan including study of various areas of the community where certain economic incentives may be appropriate and reviewing the Comprehensive Plan for refinements to clarify strategic goals and vision for the community given the current economic conditions, and to receive additional input from the business community.

OTHER BUSINESS: There was no other business.

ADJOURNMENT: The meeting was adjourned at 6:55 pm.

Draft Minutes prepared by: Chris Miller, Rolf C. Campbell & Associates, Planning and Zoning Consultant. The draft minutes have been prepared for review with the Village Attorney and other Village Staff before being presented to the Committees for review and consideration for approval

Potential Economic Development Incentives For Annexation and Redevelopment

Specialty Funding Source Programs:

- Business Districts
- Tax Increment Financing (TIF) Districts
- Special Service Areas (SSA)
- Sales Tax Rebate Agreements
- Property Tax Abatement Agreements

Business Incentives & Programs:

- Infrastructure and Utility Improvements Programs
- Façade Improvement Grant Programs
- Targeted Business Forgivable Loan/Grant Programs
- Business Relocation Grant Programs
- Land Acquisitions and Assemblage
- Marketing and Advertising

Other Potential Incentives & Programs:

- Recapture Agreements
- Impact Fee Reduction and/or Abatements
- Fee Reduction and/or Abatements
- Comprehensive Planning
- Development Density Bonuses
- Streamlining of Zoning and Permitting Process
- Business Survey and Needs Studies
- Low Interest Loan Programs

The purpose of this handout is to provide the Committees with a general overview of economic development programs and incentives the Village may wish to consider pursuing to achieve its economic development goals and objectives. This hand is broken out into three sections: A) Specialty Funding Source Programs, B) Business Incentives & Programs, & C) Other Potential Incentives and Programs. In general, Section A outlines funding sources that may potentially be pursued to fund the programs and incentives listed under Section B.

A) Specialty Funding Source Programs:

The following is a list of potential funding source programs beyond direct expenditures of the Village's routine revenues of its general fund that can be implemented to fund a wide variety of programs that can be used to meet the Village's economic goals and objectives. Each funding source has its strengths and weaknesses with respect to how it provides funding and the types of programs that can be funded by each.

1) Business Districts (BD):

- a. **Description:** A contiguous area made up of business properties that will substantially benefit from designation as a business district and the programs allowed under the enabling legislation.
- b. **Eligibility:**
 - i. Area exhibits certain blighting conditions.
 - ii. Area has suffered from lack of private market investment and would not likely develop/redevelop in the future without designation as a BD.
- c. **Powers:**
 - i. Ability to levy a retailers' occupation tax, a service occupation tax, and hotel operator's tax within the District at .25% increments up to a full 1.0% for a period up to 23 years.
 - ii. Ability to issue obligations and bonds repayable with revenues from the taxes levied of the District.

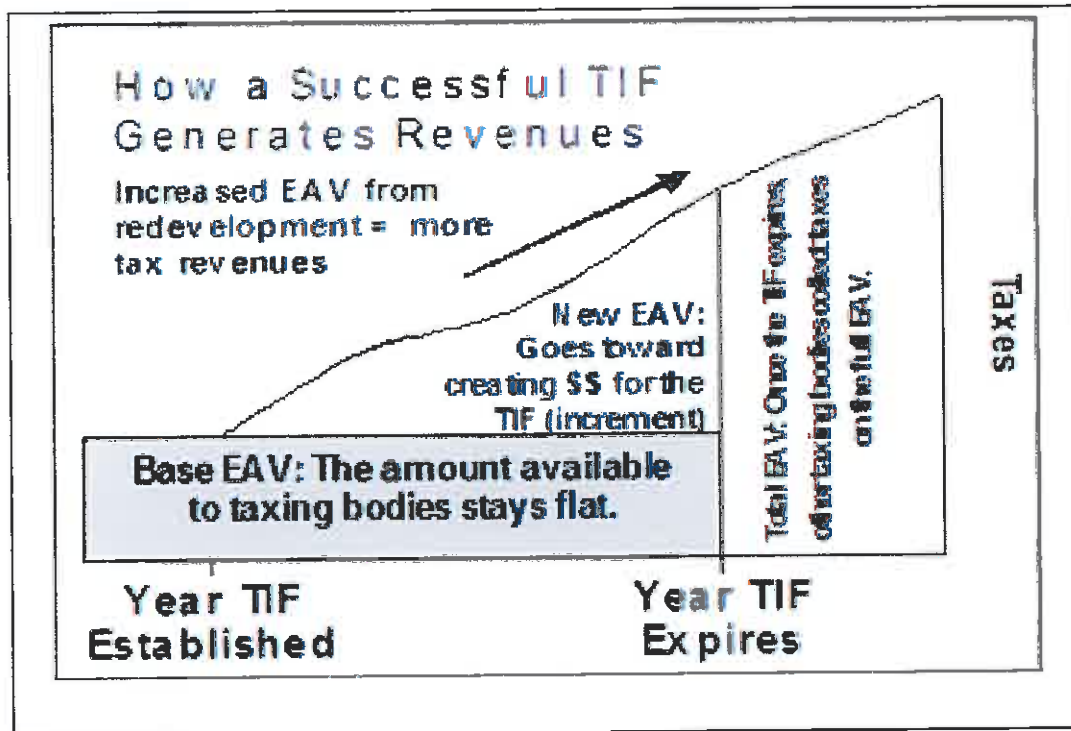
- iii. Expend funds on designated District's projects.
 - iv. Power of Eminent Domain within the boundaries of the District.
 - v. Create a Business District Development and Redevelopment Commission to oversee the implementation of the District's Development/Redevelopment Plan.
 - vi. Hire or retain such staff as necessary to facilitate the development/redevelopment of the Business/District.
- d. Benefits
- i. Relatively low threshold to approve.
 - ii. Provides a funding mechanism provided by consumers for undertaking projects.
 - iii. Business Commission can facilitate and provide recommendations on community business development activities.
- e. Limitations
- i. Requires a mutual understanding between the business community and the Village.
 - ii. Funding of projects is dependent on an increased tax levy.

2) Tax Increment Financing (TIF) Districts:

a. Description:

- i. A specific geographic area meeting certain qualifications. The base lifetime of a TIF District is 23 years and may extend up to 35 years.
- ii. At the time of designation, the base level amount of property taxes being generated within the geographic boundaries of the TIF District is fixed.
- iii. Over the lifetime of the District, the Village receives the increase in all property taxes over the fixed amount. This amount is known as the

“increment”, and it includes the taxes collected for all taxing districts (school districts, park district, county, etc.).



- iv. These funds can be used to pay for “public realm” projects directly or for the retirement of bonds issued to pay for such projects.
 - v. These projects are intended to attract development and increase the level of increment.
- b. Eligibility:
- i. Area must exhibit a minimum number of blighting criteria for either improved or vacant parcels.
 - ii. Area as a whole must have suffered from a lack of development and growth with respect to private market investment and will not reasonably develop/redevelop without designation as a TIF District (“But For” Test).

iii. Housing Impact Study factor.

c. Powers:

- i. TIF Districts permit a wide variety of projects that are in the “public realm” (Infrastructure improvements, façade improvement grants, streetscape amenities, etc.)
- ii. TIF Districts also grant the municipalities the power of eminent domain within its boundaries.
- iii. TIF Districts also allow the ability to levy bonds and obligations on future “increment” revenue streams.
- iv. The ability to pay for other programs as stipulated under the enabling statute (workforce training, housing relocation costs, etc.).

d. Benefits

- i. Grants the Village a variety of powers and a potentially large and routine revenue source to pay for projects.
- ii. Creates a competitive advantage for a specific geographic area.

e. Limitations

- i. Requires cooperation and understanding between the Village and other taxing districts.
- ii. Entails a potentially lengthy approval process.
- iii. Depends on increasing increment to garner significant revenue.
- iv. Requires a yearly audit statement of the District’s administration provided to all tax districts as well as a joint meeting with all taxing districts.
- v. Entails a constant stewardship of appropriate times to expend funds.

3) Special Service Areas (SSA):

- a. Description: A contiguous area in which a separate property tax is levied to pay for special services within that area.
- b. Eligibility:
 - i. Can be created by the Village or property owner led actions.
 - ii. Requires a public hearing with a specific outline of the stated services to be paid for by the special levy.
 - iii. Can be overturned if 51% of property owners in the designated area object.
- c. Powers:
 - i. Allows bonds to be levied to pay for projects now and repaid with future special property tax revenue.
- d. Benefits:
 - i. Can be tailored to an area's specific needs.
 - ii. Funding provided by those who benefit directly.
- e. Limitations
 - i. Requires strong cooperation between the Village and property owners.
 - ii. Funding may be limited to the amount property owners may find reasonable.

4) Sales Tax Rebate Agreements:

- a. Description: A special agreement negotiated between the Village and a business whereby the Village's entire share of sales tax, or portion thereof, is remitted back based on the commitment by a business to certain activities and investments.

- b. Benefits:
 - i. Can be tailored to the needs of a certain business.
 - ii. Allows the Village a way to make investments explicitly not permitted under other funding sources.

- c. Limitations:
 - i. Deviates funds from the Village's general fund.
 - ii. Can create an uneven "playing field" between comparable businesses.

5) Property Tax Abatement Agreements:

- a. Description: A special agreement between the Village and a business where the Village and any other cooperating taxing district will abate their share of property taxes, or portion thereof, for the business to occupy an existing building that has been vacant for 24 months.¹

- b. Powers:
 - i. May abate taxes for up to 2 years.
 - ii. Any taxing district may agree to abate taxes as part of the agreement.
 - iii. Total amount abated cannot exceed \$4 M.
 - iv. Might potentially be tied to additional conditions beyond just occupying the vacant building (Needs further research).

- c. Benefits:

¹ There is also a more expansive program for businesses relocating from another state, newly created in the state, or expanding existing facilities.

- i. Specifically addresses problematic properties.
 - ii. Could potentially be used to negotiate additional commitments by the business (Needs further research).
- d. Limitations:
- i. Deviates funds from the Village's general fund, and potentially other taxing districts' general funds.
 - ii. Requires involvement by other taxing districts to maximize the benefits to the business.
 - iii. Can create an uneven "playing field" between comparable businesses.

B) Business Incentives & Programs:

The following are example programs and projects that the Village can use to meet its economic development goals and objectives. This list is not comprehensive since municipalities have flexibility depending on the nature of the funding source used. As such, municipalities may create and tailor programs to meet their goals and objectives within certain constraints.

With respect to these incentives and programs, it should be noted often times the municipality only agrees to pay a certain percentage in order to leverage a larger investment by the business or developer involved.

- 1) **Infrastructure and Utility Improvements Programs:** Use of funding to specifically develop infrastructure and utility improvements needed by businesses, such as roadway intersection and lighting improvements, water and sewer improvements, fiber optic utility installation, etc.
- 2) **Facade Improvement Grant Programs:** These programs provide funding to leverage greater expenditures by businesses and property owners to upgrade and improve the exterior of structures. Funds are also often used for landscaping and streetscape elements like planters and benches.
- 3) **Targeted Business Forgivable Loan/Grant Programs:** Some municipalities have used funding to provide forgivable loans/grants for businesses in specific industries that are explicitly called for in their planning and development goals and objectives. These

programs arrange for the funding to be remitted or doled out based on certain benchmarks (e.g. the business remains in place for a certain number of years, the business generates a certain amount of tax dollars, etc.), and funds can only be spent on improvements that remain tied to the property (façade improvements, structural improvements, and not with the use (e.g. ovens for a bakery, etc.). The most notable example in the area is the Village of Lombard's Restaurant Forgivable Loan and Retail Business Grant program.

- 4) **Business Relocation Grant Programs:** These programs are designed to allow for the retention of businesses within a geographic area (i.e. Business District or TIF District) while at the same allowing for redevelopment to occur. For instance, a business may be in an existing building that hinders the redevelopment of area in terms of the Village's economic development goals and objectives. Grant funds could be provided to relocate the business elsewhere in the geographic area in order to make it more viable for that particular business to move in a timelier manner with respect to the demands of redevelopment.

- 5) **Land Acquisition and Assemblage:** Under the power of certain programs, municipalities may spend money to acquire and consolidate parcels of land which may be used for public purposes (i.e. open space amenities, municipal parking lots, etc.) or be disposed of to private interests for development.

- 6) **Marketing and Advertising:** Municipalities may use funds to conduct marketing and advertising campaigns via a variety of media, including brochures, mailings, websites, etc.

C) Other Potential Incentives & Programs:

The following are additional example incentives and programs often implemented by municipalities on a case by case basis and not usually directly tied to the previously discussed

funding sources. Frequently, these incentives and programs are tied to Annexation Agreements as well.

- 1) **Impact Fee Reduction and/ or Abatements**

- 2) **Fee Reduction and/or Abatements**

- 3) **Comprehensive Planning**

- 4) **Development Density Bonuses**

- 5) **Streamlining of Zoning and Permitting Process**

- 6) **Business Survey and Need Studies**

- 7) **Low Interest Loan Programs**