

**MINUTES OF A COMMITTEE OF THE WHOLE MEETING
OSWEGO VILLAGE PRESIDENT AND BOARD OF TRUSTEES
OSWEGO VILLAGE HALL
100 PARKERS MILL, OSWEGO, ILLINOIS
August 6, 2019**

CALL TO ORDER

President Troy Parlier called the meeting to order at 6:01 p.m.

ROLL CALL

Physically Present: President Troy Parlier and Trustees James Marter, Terry Olson, Pam Parr, Luis Perez, Judy Sollinger and Brian Thomas.

Staff Present: Dan Di Santo, Village Administrator; Christina Burns, AVA/HR Director; Tina Touchette, Village Clerk; Jeff Burgner, Police Chief (attended at 6:27 p.m.); Jennifer Hughes, Public Works Director; Mark Horton, Finance Director; Rod Zenner, Community Development Director; Jenette Sturges, Community Engagement Coordinator, Marketing; Jay Hoover; B&Z Manager; Carri Parker, Purchasing Manager; Joe Renzetti, IT Manager; Susan Quasney, Project Engineer; Karl Ottosen, Village Attorney; and Ryan Morton, Village Attorney.

CONSIDERATION OF AND POSSIBLE ACTIONS ON-ANY REQUESTS FOR ELECTRONIC PARTICIPATION IN MEETING

There was no one who attended electronically.

PUBLIC FORUM

Public Forum was opened at 6:02 p.m. There was no one who requested to speak; the Public Forum was closed at 6:02 p.m.

OLD BUSINESS

There was no Old Business.

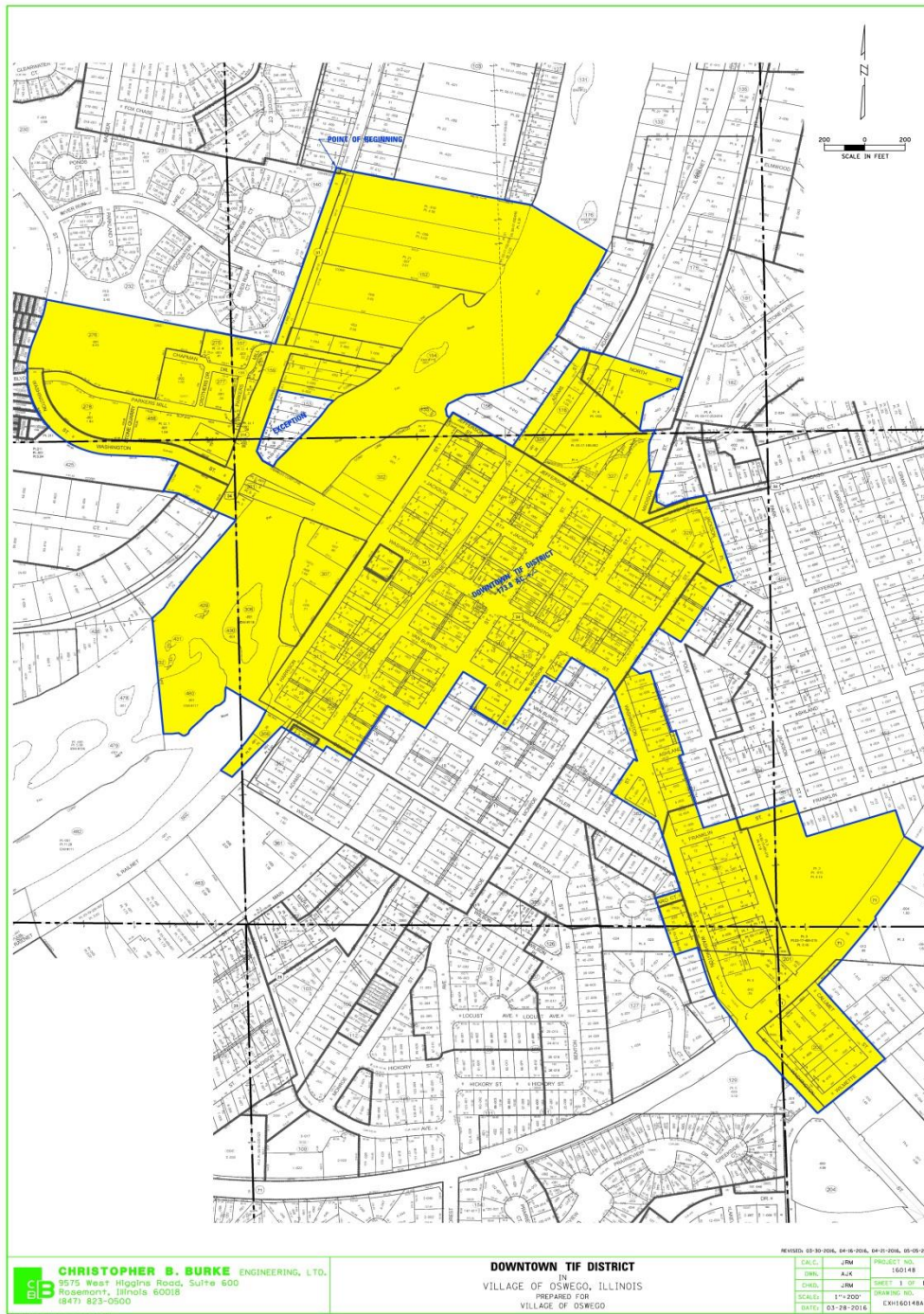
NEW BUSINESS

F.1. Oswego Tax Increment Financing District Presentation.

Administrator Di Santo addressed the Board regarding tax increment financing. TIF Attorney, Greg Jones and TIF consultants, Mary Thompson and Zoran Milutinovic from Kane, McKenna and Associates presented a background on TIF, Oswego's TIF, current projects and the status of the TIF Fund:

Review of Redevelopment Project and Plan

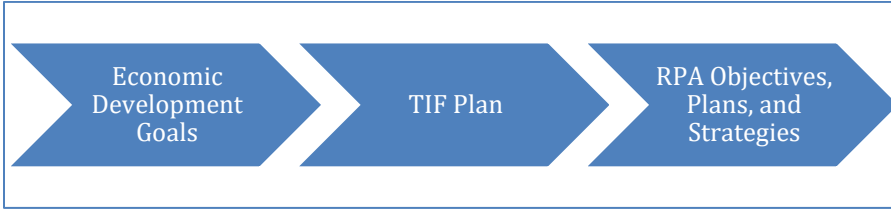
- Through the comprehensive planning process the Village identified certain areas to focus economic development efforts, the areas along Main and Washington Streets were identified as an area for investment
- Through the comprehensive planning process the Village identified Tax Increment Financing (TIF) as a tool to encourage economic growth
 - There are requirements as part of the TIF Act
- On September 16, 2016, the Village approved, adopted and designated the Redevelopment Project Area as the TIF District as shown below:



- Objectives of Redevelopment
 - To increase and enhance the current businesses within the study area while encouraging recreational, commercial, retail, and mixed-use opportunities as well
- TIF Plan complies with the legal provisions of the TIF Act
 - TIF has contiguous parcels and exceeds 1 ½ acres
 - The “But-for” requirement is met because redevelopment is only feasible with utilization of tax increment financing
 - The area qualifies under the guidelines for a “conservation area”
 - Not every community qualifies for a TIF

TIF Mechanism

- TIF is a tool for achieving the Village’s economic development goals



- TIF splits property tax revenue generated within the area into two components or “buckets”
 - Bucket for Base Revenues- for all local governments
 - ✓ All funds that come in
 - ✓ EAV is frozen
 - Bucket for Increment Revenues- for redevelopment within TIF
 - ✓ Funds segregated for TIF expenses
- Blight- vacant or detrimental to the area
- Conservation- “diet” blight
 - This is what the Village qualified for
 - Didn’t want the area to become blighted
 - Early intervention
- A successful TIF produces positive incremental revenue over time
- A successful TIF faces certain challenges generating positive increment

Qualification Factors

- Conservation area
 - The TIF District was found to qualify as a “conservation area” under the statutory criteria set forth in the TIF Act
 - Per the TIF Act “conservation area” is defined as an area where, due to the presence of at least 3 of the qualifying factors, blight could potentially become present
 - In order to qualify for designation as a “conservation area” at least 50% of the buildings within the area must be at least 35 years or older

<u>Conservation Area Findings</u>	
Total Number of Buildings in RPA	130
Total Number of Buildings 35yrs+	84
Percentage of Buildings 35yrs+	65%

- Summary of proposed Oswego TIF qualifying factors at the time the TIF was approved:

Maximum Possible Factors per Statute	Minimum Factors Needed to Qualify per Statute	In addition to “age” - Qualifying Factors Present in Proposed Study Area
13	3 plus age	<ul style="list-style-type: none"> • Lagging or Declining EAV • Deterioration • Inadequate Utilities • Deleterious Land Use or Layout • Obsolescence • Lack of Community Planning

- Lack of community planning- based on when the community was originally built
- In general, the Redevelopment Plan Area (RPA) has seen a substantial loss in value in the last five years.
 - Between tax years 2009 and 2014 the area wide valuation fell 22%
- Redevelopment issues include: RPA’s building age, lagging EAV, deterioration, inadequate infrastructure, and traffic flow
 - Information can be found in the engineering report
- Current business owners within the RPA feel that the shortage of parking, circulation and flow as well as the outdated infrastructure are inhibiting local economic growth

Key Elements of TIF Plan

- TIF budget
 - The base EAV at the time the TIF District was adopted in 2016 was \$7,571,485
 - ✓ Based on County information
 - Upon completion of the anticipated private development of the RPA over a twenty-three (23) year period, it is estimated that the EAV of the property, within the RPA, would increase to between \$30,000,000-\$37,000,000 depending upon market conditions and the scope of the redevelopment projects
 - ✓ Since there were no actual projects at the time, the projection was based upon “sample” development projects that fit into the scope of the Comprehensive Plan
 - The budget represents the maximum possible amount of expenditures by the Village for a 23-year period
 - Sized to accommodate the estimated potential development requirements
 - 23-year budget, not annual budget
 - TIF eligible costs must include public improvements as well as incentives for private redevelopment
 - ✓ New construction cannot be utilized

**VILLAGE OF OSWEGO
PROPOSED MAIN STREET/WASHINGTON TIF
ESTIMATED PROJECT COSTS**

		<u>Estimated Costs</u>
1.	Land Acquisition, Assembly Costs, Demolition, and Relocation Costs	\$3,500,000
2.	Site Preparation (including related geo-technical costs), Environmental Cleanup, and Related Costs	2,750,000
3.	Utility Improvements including, but not limited to, water, storm, sanitary sewer, the service of public facilities, and road improvements	7,000,000
4.	Rehabilitation/Public facilities including but not limited to parking improvements and Taxing District Capital Costs pursuant to the Act	4,250,000
5.	Interest Costs Pursuant to the Act	2,000,000
6.	Planning, Legal, Engineering, Administrative and Other Professional Service Costs	2,000,000
7.	Job Training	500,000
8.	Statutory School and Library District Payments	2,000,000
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TOTAL ESTIMATED PROJECT COSTS		\$24,000,000

- Individual line items can move

- Bottom line cannot move
- Budget can be amended
- If TIF boundary moves, the entire TIF process starts over
- Budget is at the discretion of the Village Board
- Will increase by CPI based on 2016 dollars

Approved Redevelopment Agreements (RDA) to Date

- The Reserve at Hudson Crossing (59 S. Adams Street)
 - RDA approved in 2017
 - Phased mixed-use development
 - Two buildings totaling 280 luxury apartment units
 - 10,100 square feet of commercial frontage on Rt. 34
 - 558 total public parking spaces (460 decked, 98 on-street)
 - Construction expected on first building in 2019, completion expected in 2021
 - Construction of second building expected in 2021, completion expected in 2023
 - Project consumes the entire TIF budget
- 63 W. Washington Street (part of Block 11)
 - RDA approved in 2018
 - Single-story Mexican restaurant with 3 outdoor dining areas
 - Construction expected in 2019, completion expected in 2020
- 113 Main Street (part of Block 11)
 - RDA approved in 2019
 - 3-story mixed use building
 - Restaurant planned on first floor, offices planned on second and third floors
 - Construction expected in 2019, completion expected in 2020

RDA's and TIF Budget

- If constructed as planned, the 3 approved RDAs are projected to account for the entire \$24 million TIF budget through construction of public improvements
- Any future projects utilizing TIF financing will likely require an increase to the TIF budget
 - Will need to amend the budget.
 - Anticipate additional expenditures
 - 23-year budget
 - Budgeted conservatively; should have been a \$100 million budget
 - Do not have to spend the entire budget

TIF Fund Review

- As of April 30, 2018 (most recent audit), the TIF District had generated a total of \$19,604 in increment.
 - As of April 2019, the increment is approximately \$52,000
- In 2016, the General Fund loaned the TIF Fund \$2,000,000 to acquire the former Alexander Lumber property at 59 S. Adams (cost of \$1,492,500) and to cover costs associated with TIF redevelopment projects (utilities, engineering, consultant and legal fees, etc.)
- Utilities, engineering, consultant and legal fees are tracked through the TIF
- As of August 1, the TIF Fund cash balance is -\$95,000. Additional loans from other Village funds are anticipated to cover the costs of public improvements associated with the 3 RDAs.
 - Burying utility lines= \$100,000--\$200,000
- Once redevelopment projects are constructed, they will begin to generate significant TIF increment and sales taxes to repay the loans.
- Infusing the TIF with public improvements projects
- Village's initial investment will be a benefit
- Budgeting money into the CIP Fund and repaying the General Fund
- Need to transfer funds to the TIF Fund to account for expenditures for improvements

Future Areas of Focus

- In Progress
 - 7-Eleven development at the NE corner of 71/Washington
 - ✓ No TIF Funds used
 - Pedestrian safety improvements at Main and Harrison crossings of Washington Street
 - ✓ Traffic signals
 - ✓ Public meeting scheduled for September 2019
 - Train horn quiet zones
 - ✓ Whether the Village can afford it
- Looking Ahead
 - Old Traugber facility
 - ✓ Can the Village assist SD308 with a project?
 - Studio Shoppes site on the west side of Rt. 31
 - ✓ Retail and banquet space was the concept plan in the past
 - ✓ No utilities on site
 - Village Square site behind Village Hall
 - South Harrison Street Redevelopment
 - ✓ Riverfront industrial
 - Vacant lot next to Oswego Brewing Company
 - ✓ Imperial Investments purchased the property
 - Greenhouse area on North Adams Street
 - ✓ No sewer
 - Vacant lot at the SE corner of 71/Washington
 - ✓ Across from the new 7-Eleven project
 - ✓ IDOT trying to market the property
 - Additional public parking opportunities
 - ✓ Will see a demand for parking
 - ✓ \$35,000 per space for a parking deck

Other Economic Development Tools

- In addition to TIF, the Village has other economic development tools available for qualifying applicants, including:
 - Revolving Loan Program
 - ✓ \$250,000 currently available
 - ✓ Currently, no defaults
 - ✓ Sage's Meat Market, Oswego Cyclery, Firehouse Pizza
 - Economic Incentive Award
 - ✓ Up to \$40,000 available each budget year
 - ✓ This was the old façade improvement program
 - Building Fee Permit Waivers
 - Tax Abatements/Tax Sharing
 - ✓ Sales tax sharing
 - Business Districts/Special Service Areas
 - ✓ Additional tax on certain areas

Board, staff, Attorney and consultant's discussion focused on lagging or declining within the TIF District; 22% decline over the five year study of the TIF; not growing inside the TIF; did not have a specific project in mind when the TIF was created; incentive award does not need to be repaid; conditions and criteria on the incentive award; incentive award is for improvements to the business such as to the structure or façade; may include claw back language; how long to generate increment and how much; increment goes back into projects; if not enough money to pay bonds, then an SSA would need to be established; increment and sales tax by project; need to amend the TIF budget; cannot increase the length of the TIF; only amending one time instead of needing to continually

come back; project driven TIFs; Reserve at Hudson Crossing project came after the TIF budget was approved; was conservative with the budget; parking deck at Reserve at Hudson Crossing is the Village's property after it is developed; Tap House was the last building built in the downtown in the past 20-30 years; increment to pay for parking; 21 space parking lot at Block 11; new projects coming. There was no further discussion.

CLOSED SESSION

A motion was made by Trustee Perez and seconded by Trustee Sollinger to enter into Closed Session for the purposes of discussing the following:

- a. Pending and Probable Litigation [5 ILCS 120/2(c)(11)]
- b. Sale, Lease, and/or Acquisition of Property [5 ILCS 120/2(c)(5) & (6)]

Aye: James Marter II Terry Olson
Pam Parr Luis Perez
Judy Sollinger Brian Thomas

Nay: None

The motion was declared carried by a roll call vote with six (6) aye votes and zero (0) nay votes.

The Board adjourned to Closed Session at 6:45 p.m.

The Board returned to open session at 7:03 p.m.; all remaining members still present.

ADJOURNMENT

The meeting adjourned at 7:03 p.m.

Tina Touchette
Village Clerk