



NOTICE AND AGENDA

**NOTICE IS HEREBY GIVEN
THAT A COMMITTEE OF THE WHOLE MEETING**

WILL BE HELD ON

August 06, 2019

6:00 PM

Location: Oswego Village Hall

- A. CALL TO ORDER**
- B. ROLL CALL**
- C. CONSIDERATION OF AND POSSIBLE ACTIONS ON ANY REQUESTS FOR ELECTRONIC PARTICIPATION IN MEETING**
- D. PUBLIC FORUM**
- E. OLD BUSINESS**
- F. NEW BUSINESS**

F.1. Oswego Tax Increment Financing District Presentation.

[TIF Presentation 8-6-19 AL.docx](#)

[COW TIF Presentation V2 - 08.06.18.pptx DDSRev.pptx](#)

Posted: _____
Date: _____
Time: _____
Place: _____
Initials: _____

Tina Touchette
Village Clerk

G. CLOSED SESSION

G.1.

- a. Pending and Probable Litigation [5 ILCS 120/2(c)(11)]
- b. Appointment, Employment, Compensation, Discipline, Performance, or Dismissal of Personnel [5 ILCS 120/2(c)(1)]
- c. Collective Bargaining, Collective Negotiating Matters, Deliberations Concerning Salary Schedules [5 ILCS 120/2(c)(2)]
- d. Sale, Lease, and/or Acquisition of Property [5 ILCS 120/2(c)(5) & (6)]
- e. Security Procedures and the Use of Personnel and Equipment to Respond to an Actual, Threatened, or a Reasonably Potential Danger to the Safety of Employees, Staff, the Public, or Public Property [5 ILCS 120/2(c)(8)]

H. ADJOURNMENT



AGENDA ITEM

MEETING TYPE: Committee of the Whole

MEETING DATE: August 6, 2019

SUBJECT: TIF Presentation

ACTION REQUESTED:
Oswego Tax Increment Financing District Presentation

BOARD/COMMISSION REVIEW:
N/A

ACTION PREVIOUSLY TAKEN:

Date of Action	Meeting Type	Action Taken
N/A	N/A	N/A

DEPARTMENT: Administration

SUBMITTED BY: Dan Di Santo, Village Administrator

FISCAL IMPACT:
N/A

BACKGROUND:
On September 6, 2016, the Village Board approved a Tax Increment Financing (TIF) District in downtown Oswego. TIF is an economic development tool intended to help restore areas going through an economic challenge. Since that time, the Village Board has also approved three redevelopment agreements (RDAs) for 59 S. Adams Street, 63 W. Washington Street, and 113 Main Street. These three projects are expected to begin construction later this year.

DISCUSSION:
Staff, along with our TIF attorney, Ancel Glink, and our TIF consultants, Kane McKenna and Associates, will present a background on Oswego’s TIF, an update on current projects, and the status of the TIF Fund.

RECOMMENDATION:
Receive and discuss TIF presentation.

ATTACHMENTS:
1. Presentation

Main Street / Washington Street Tax Increment Financing (TIF) District

Village of Oswego
Committee of the Whole Meeting Presentation
August 6, 2019

Agenda

- I. Review of Redevelopment Project and Plan
- II. TIF Mechanism
- III. Factors Qualifying Area as a TIF District
- IV. Key Elements of TIF Plan
- V. Current Projects



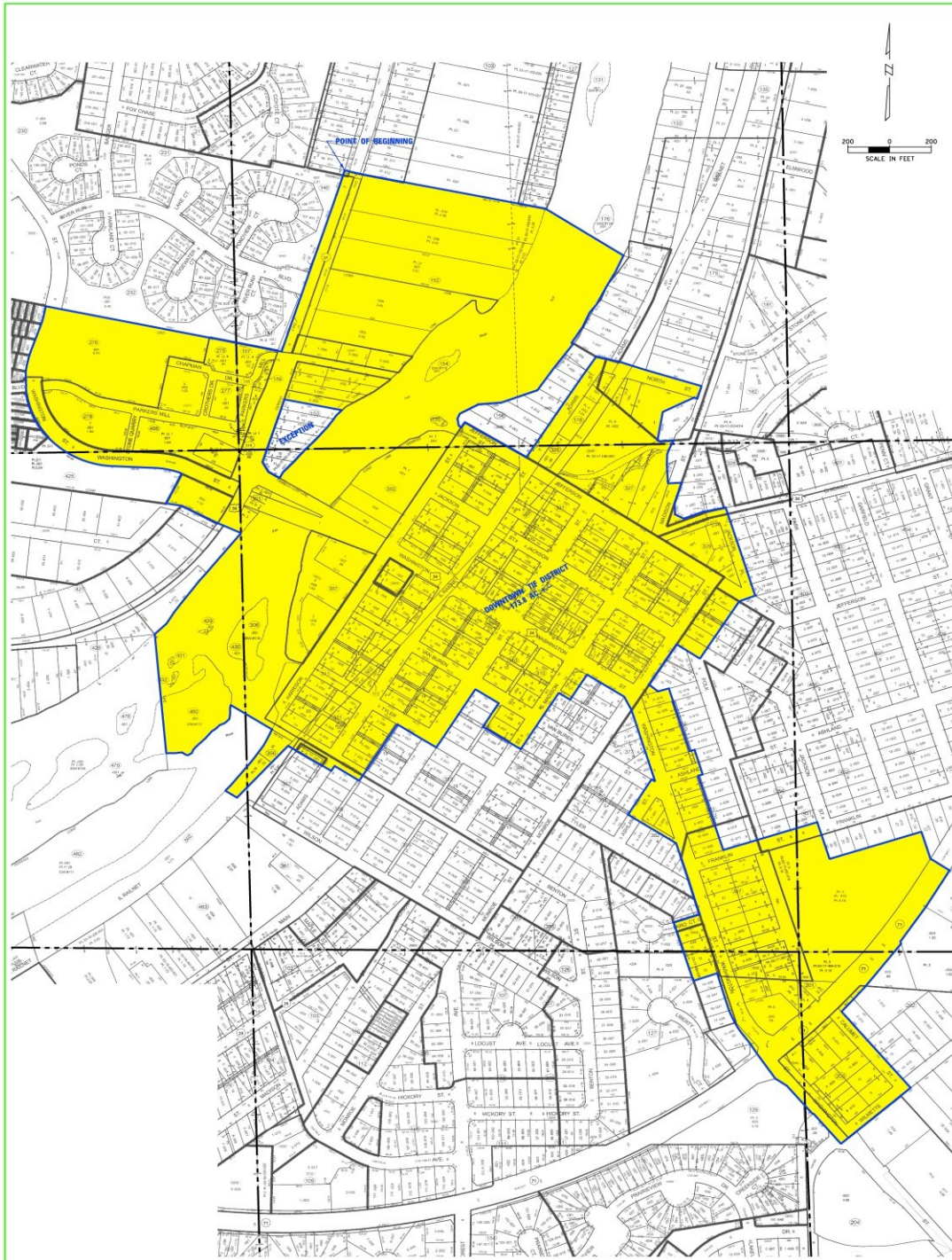
Kane, McKenna,
and Associates, Inc.



I. Redevelopment Plan and Project

Background

- 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
- On September 16, 2016 the Village approved, adopted and designated the Redevelopment Project Area, the TIF District.



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DOWNTOWN TIF DISTRICT
 IN
 VILLAGE OF OSWEGO, ILLINOIS
 PREPARED FOR
 VILLAGE OF OSWEGO

REVISED: 03-30-2016, 04-16-2016, 04-01-2016, 05-05-2016

CALC.	JRM	PROJECT NO.
DRW.	AJK	160148
CHKD.	JRM	SHEET 1 OF 1
SCALE	1"=200'	DRAWING NO.
DATE	03-28-2016	EXH160148A



I. Redevelopment Plan and Project

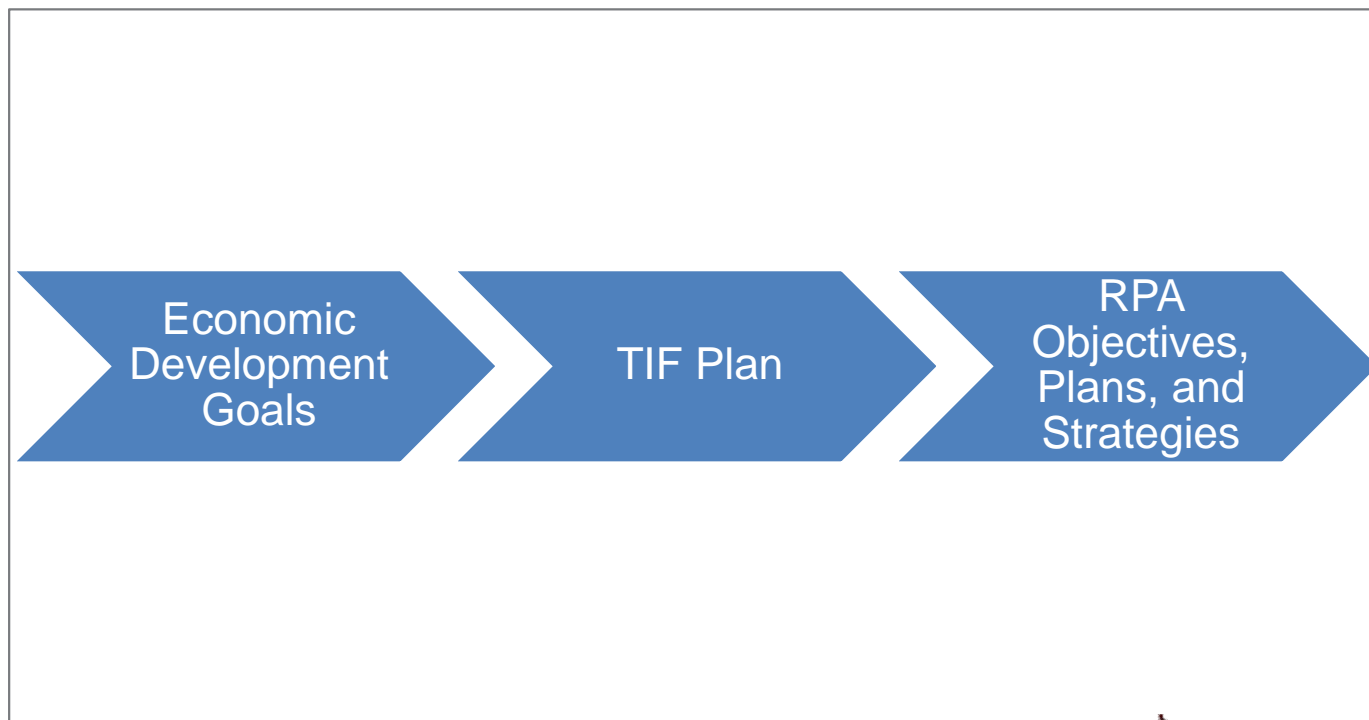
- Objectives of Redevelopment
 - The Village's general economic development objectives are to increase and enhance the current businesses within the study area while encouraging recreational, commercial, retail, and mixed use opportunities as well.

I. Redevelopment Plan and Project

- The TIF Plan complies with the legal provisions of the TIF Act
 - The 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”

II. TIF Mechanism

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



II. TIF Mechanism

- Review of TIF Mechanism
 - TIF splits property tax revenue generated within the area into two components or “buckets”



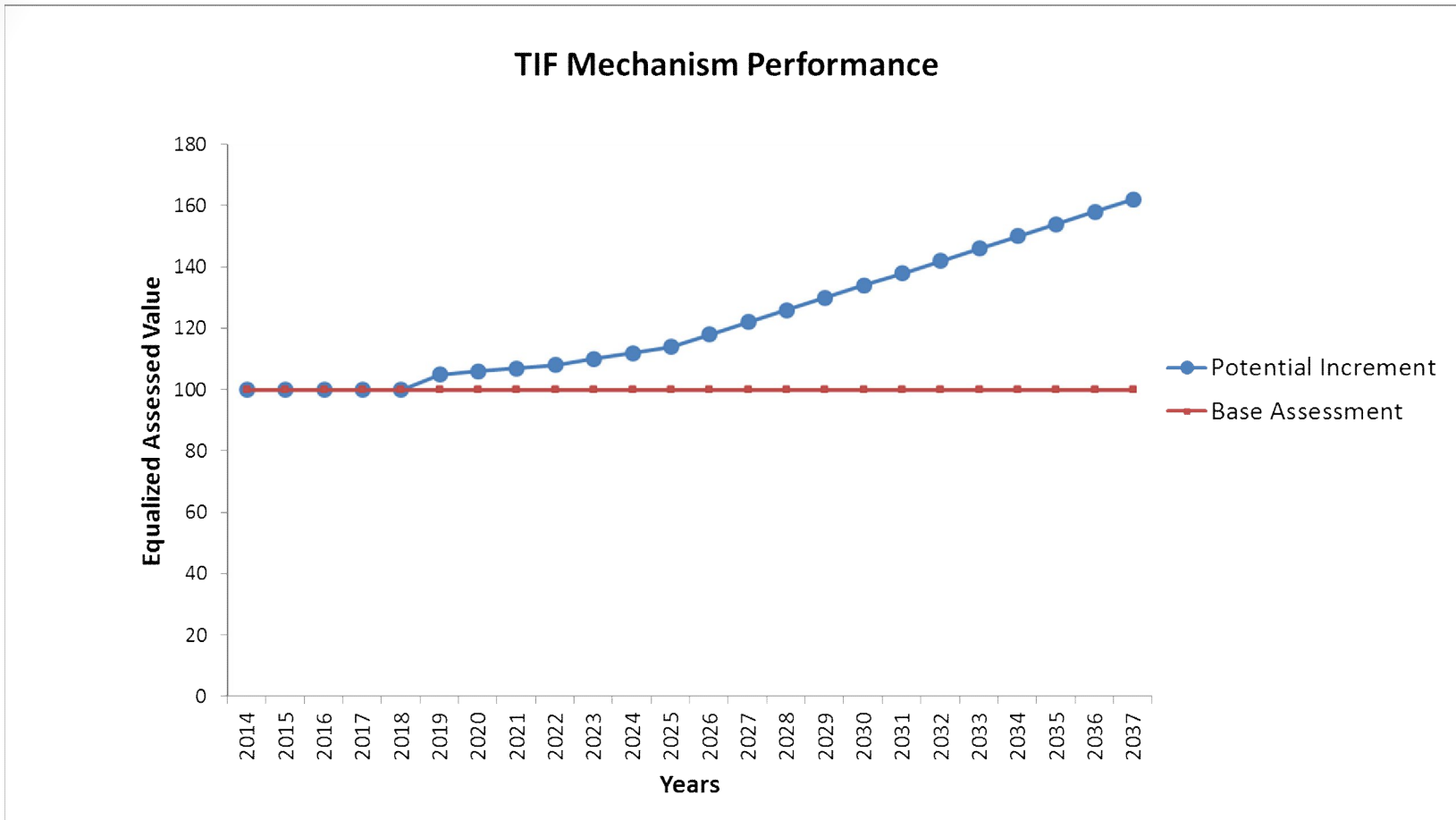
Bucket for Base Revenues-
For All Local Governments



Bucket for Increment Revenues-
For Redevelopment within TIF

II. TIF Mechanism

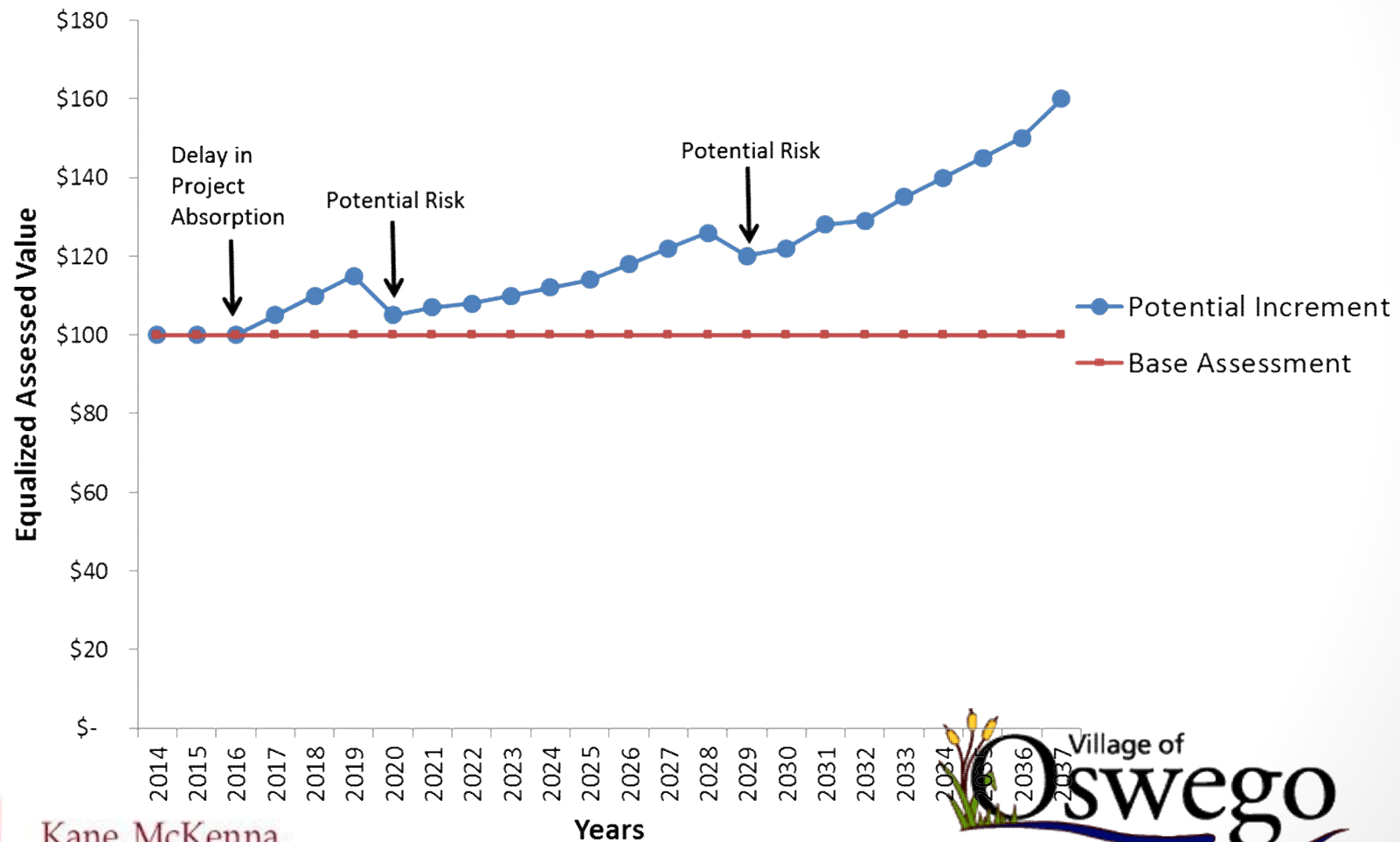
- A successful TIF produces positive incremental revenue over time



II. TIF Mechanism

In practice, a successful TIF faces certain challenges generating positive Increment

Potential TIF Performance Adjusted for Project-Related Risks



III. 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

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

III. Qualification Factors

Summary of Proposed Oswego TIF-Qualifying Factors

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	<p>6</p> <ul style="list-style-type: none"> • Lagging or Declining EAV • Deterioration • Inadequate Utilities • Deleterious Land Use or Layout • Obsolescence • Lack of Community Planning

III. Qualification Factors

- 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
- 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

IV. Key Elements of TIF Plan

• The TIF Budget

- The base EAV at the time the TIF District was adopted in 2016 was \$7,571,485.
- Upon completion of the anticipated private development of the RPA over a twenty-three (23) year period, we 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 not any actual projects at the time, the projection was based upon “sample” development projects that fit into the scope of the Comprehensive Plan.

IV. Key Elements of TIF Plan

- The TIF Budget

- The budget represents the maximum possible amount of expenditures by the Village
- Sized to accommodate the estimated potential development requirements
- 23 year budget, not annual budget
- TIF eligible costs include public improvements as well as incentives for private redevelopment

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
<hr/>		
TOTAL ESTIMATED PROJECT COSTS		\$24,000,000



V. 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
- 63 W. Washington Street
 - RDA approved in 2018
 - Single-story Mexican restaurant with 3 outdoor dining areas
 - Construction expected in 2019, completion expected in 2020
- 113 Main Street
 - 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

RDAs 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.

TIF Fund Review

- As of April 30, 2018 (most recent audit), the TIF District had generated a total of \$19,604 in increment.
- 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.).
- 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.
- Once redevelopment projects are constructed, they will begin to generate significant TIF increment and sales taxes to repay the loans.

Future Areas of Focus

- In Progress
 - 7-Eleven development at the NE corner of 71/Washington
 - Pedestrian safety improvements at Main and Harrison crossings of Washington Street
 - Train horn quiet zones
- Looking Ahead
 - Old Traughber facility
 - Studio Shoppes site on the west side of Rt. 31
 - Village Square site behind Village Hall
 - South Harrison Street Redevelopment
 - Vacant lot next to Oswego Brewing Company
 - Greenhouse area on North Adams Street
 - Vacant lot at the SE corner of 71/Washington
 - Additional public parking opportunities

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
 - Economic Incentive Award
 - Up to \$40,000 available each budget year
 - Building Fee Permit Waivers
 - Tax Abatements/Tax Sharing
 - Business Districts/Special Service Areas