

**MINUTES OF A COMMITTEE OF THE WHOLE MEETING  
OSWEGO VILLAGE PRESIDENT AND BOARD OF TRUSTEES  
OSWEGO VILLAGE HALL  
100 PARKERS MILL, OSWEGO, ILLINOIS  
June 11, 2024**

**CALL TO ORDER**

President Ryan Kauffman called the meeting to order at 6:01 p.m.

**ROLL CALL**

Board Members Physically Present: President Ryan Kauffman; Trustees Tom Guist, Kit Kuhrt, Karin McCarthy-Lange, Jennifer Jones Sinnott, and Andrew Torres (attended at 6:07 p.m.).

Board Members Absent: Trustee Karen Novy

Staff Physically Present: Dan Di Santo, Village Administrator; Jean Bueche, Asst. Village Administrator; Tina Touchette, Village Clerk; Jason Bastin, Police Chief; Jennifer Hughes, Public Works Director; Rod Zenner, Development Services Director; Joe Renzetti, IT Director; Kevin Leighty, Economic Development Director; Madeline Upham, Management Analyst; Bridget Bittman, Communications Manager; and Dave Silverman, Village Attorney.

**PUBLIC FORUM**

Public Forum was opened at 6:01 p.m. There was no one who requested to speak. The public forum was closed at 6:01 p.m.

**OLD BUSINESS**

**E.1 Discussion of Short-Term Rentals**

Director Zenner addressed the Board regarding short-term rentals. In 2022, the Village Board began a review of short-term rentals. Short term rentals can be described as a residential dwelling unit that is used as a residence, where the dwelling unit is either wholly or partially rented for a short period of time to temporary guests. Several residents have raised concerns regarding short term rentals within the community. In the past, the Village has received three calls for service for police assistance from short-term rental properties. Some residents have requested that the Village consider some sort of regulations regarding short term rentals within the Village. It is estimated that there are approximately six short term rental units listed on Airbnb and VRBO within the Village.

**HOA Regulations**

During the March 18<sup>th</sup> discussion, the Village Board inquired about HOA's and their regulations regarding short term rentals. Staff reached out to the HOA's and received responses from 28 residential communities. Of the 28, 18 have restrictions on rentals ranging from requirements of a 30-day minimum stay to a prohibition of rentals of any kind. The 10 remaining subdivisions have no restrictions at all.

**Minimum Length of Stay**

During Village Board discussions, some residents and Board members suggested that a minimum length of stay should be implemented. A minimum length of stay would deter the rental of the home for a one-night event, such as a party. Though a regulation of this nature has not been fully tested in court, the regulation should not be of a length that would prohibit the short-term nature of the rental use of the property. Staff had recommended a minimum of a 3-day rental for every short-term rental in the Village. During the discussion at the Committee of the

Whole meeting on March 18<sup>th</sup>, the Board discussed extending minimum length of stay to 30 days. The City of Naperville has adopted the 30-day regulation to address concerns with short term rentals.

### Registration Requirement

The Village could require that all short-term rental units be registered. The registration would provide information such as the maximum number of people anticipated for the unit and the name and contact information of the owner in case of emergency. As part of the registration, the Village would require an annual inspection of the property to determine if there are any potential code violations and the property owner would need to provide the Village the right to enter the property for additional inspections upon request by the Village.

The Village currently has a hotel/motel tax rate of 3% of gross revenues that could be applied to short term rentals. Staff is of the opinion that tracking the rentals of these properties may be difficult as the Village would have to rely on the records of the property owners. It is recommended that in lieu of the tax, an annual fee be assessed as part of the registration process to accommodate the staff time to register the properties and to equate to the potential tax revenue of the rental. Staff determined the annual rate should be \$2,000.

### License Requirement

If the Village Board is looking to implement the Planning and Zoning Commission's recommendation of setting the violation limit to three (3) instances, then staff would recommend that in lieu of a registration, the applicants would have to apply for a license from the Village, similar to a tobacco, liquor, or gaming license. The license procedure would be similar to the registration application procedure, but the license would have to be granted by a vote of the Village Board. The Board would then have the ability to revoke the license due to not meeting the requirements, such as having three (3) violations in a single year as suggested by the Planning and Zoning Commission. A license would also allow the Village to inspect the property to address potential issues.

Staff requested direction on the following:

- 1) Whether to regulate short term rentals
- 2) If choosing to regulate, what should the minimum length stay be set at?
- 3) Whether to require a registration or license

Board and staff discussion focused on longer minimum night stay; can regulate short term rentals; rentals are described as 30 days or less; whether Board members have stayed in a short-term rental; have only stayed in one on the weekends; a hotel would cost more than a short term rental; should have regulations in place; would like the option to revoke; average for hotel/motel tax is where the annual rate of \$2,000 is from; concerns with safety; incorporating an annual inspection; whether to include the fire department in the inspection; life safety inspection; inspection would be part of the license; doing a license because it's the only option that allows for revocation; could still rent for 1-3 days if requiring a 7 day rental, but they can't rent out again for another 7 days; regulating how many people/groups are renting; preventing the constant flow of people in and out of the homes; it's about the neighborhood around the home; whether we can enforce not renting for only one night; the property owner will probably require a 3 night minimum stay; 7 night minimum, then only one renter per week; don't want to get rid of short-term rentals all together; registration fee covers tax at 52 weekends per year; people coming in for graduations, weddings, funerals and mostly over the weekends; prior situation was contractors who were here working on a job; could rent up to 90 days; not proposing a max stay; understand the free market; worry about people living next to a short term rental; HOA has authority to add regulations to their covenants; how many subdivisions don't have an HOA; downtown does not have an HOA; having them register as a business; courts do not look at it as a business; case law supports up to 30 days; let the HOA's handle it, and if it's a problem then make them get licensed and be subject to revocation; will need to set the violations and due process; noise standards; underage drinking; disturbance can happen anywhere; the number of days are irrelevant with the license aspect; investment needs to be recouped; don't we want to attract more hotels versus short term rentals; not sure whether we can limit the number of short term rentals; can always change the number of days at a later time; six homes currently listed as short term rentals in Oswego; have no control on how many days they actually stay; have to think about all the HOA's that don't allow short term rentals; whether violations can go through the adjudication

officer; not sure the adjudication officer has the authority to revoke a license; needs to be handled the same way as liquor, tobacco and bodyworks.

Board provided the following consensus:

- 7 days minimum stay
- Required to be licensed which includes an inspection
- Fee= \$2,000

Staff will bring back an ordinance that includes the consensus information and due process. There was no further discussion.

## **NEW BUSINESS**

### F.1 Economic Development Incentives Overview

Director Leighty addressed the Board regarding development incentives. At the March 18, 2024, Village Board meeting, Trustee Guist asked for a discussion on the financial incentives the Village has available and how they're used. The Village of Oswego has utilized a variety of financial incentive programs which are aimed at attracting and retaining businesses as well as helping facilitate new investment in the community. The general purpose of incentive programs is to secure public benefit by developing a stronger economic base and expanding job opportunities. Staff reviews all financial incentive requests on a case-by-case basis with applicants being required to show that the project would not be able to move forward without the incentive being received. In 2014, the Village Board adopted an economic incentive policy for the purposes of evaluating financial incentive requests. The policy was amended in 2018 to outline the purpose and eligibility criteria for the Revolving Loan and Economic Incentive award programs which have been in use ever since.

#### Types of Incentives Offered

- **Building Permit Fee Waiver:** partial or full waiver for building permit fees levied by the Village of Oswego. Depending on the scope of the project being proposed, permit fees may range from a few hundred to tens of thousands of dollars.
- **Revolving Loan Funding:** available to businesses located anywhere within the Village's corporate limits. The revolving loan fund offers loans at low interest rates with flexible terms. Funds must be used on real property improvements and cannot exceed 50% of the total project costs. The program is self-sustaining where funds are disbursed and repaid through the loan fund and then lent out again for other projects which help enhance the community. When funds are not in use, they are invested and earn income from interest.
- **Economic Incentive Award:** available to new or existing businesses located in the downtown TIF District. Up to \$40,000 is budgeted annually for highly desirable projects that will enhance the quality and character of the downtown area. Funds must be used for permanent improvements and cannot exceed 50% of the total project costs.
- **Tax Revenue Sharing:** the Village remits a percentage of sales or food and beverage (F&B) tax dollars to the receiving business for a mutually agreed upon period of time. Each application is reviewed on a case-by-case basis where applicants must demonstrate a financial need for the incentive where the project would not be viable without the incentive.
- **Other Programs:** the Village has leveraged other types of programs in the past, some of which are administered internally while others are through another governing body or board. Some examples include:

- **Cost Sharing:** determined as needed by the Village Board. The Village has previously entered into cost sharing agreements with businesses and/or developers to help offset the costs of certain infrastructure improvements or studies, typically for a public use (e.g. utility work, traffic study, etc.).
- **Tax Increment Financing (TIF):** financial tool used to assist municipalities in the redevelopment of a specific area that is blighted or showing signs of becoming blighted. Oswego only has one active TIF district which is an approximately 70-acre area in and around the downtown. TIF's have a life of up to 23 years and only property taxes generated by the incremental increase in value of TIF district are available for TIF projects.
- **Upper Illinois River Valley Development Authority (UIRVDA) Enterprise Zone:** provides a state sales tax exemption on building materials along with other various benefits. There is a \$2,000 non-refundable application fee along with an administrative fee equal to 0.5% times the cost of building materials which typically helps vet applicants as the incentive is only justified if the total investment is substantial enough.
- **Property Tax Abatement:** offered by Kendall County. The property tax abatement program was created to support and promote the expansion of existing businesses and location of new businesses to the area. Only certain office and/or industrial projects are eligible for this program and applicants must demonstrate substantial job creation and community investment. The abatement lasts a duration of three years where property taxes are 75% abated in year one, 50% in year two, and 25% in year three.
- **COVID-19 Assistance:** the Village offered multiple forms of assistance to support businesses affected by the COVID-19 pandemic. In 2020, the Village Board approved several "Restart" and "Rent Assistance" loans for around \$5,000 each which helped businesses fund business operations during the State-wide shutdown. Funding was made available through the Federal CARES Act.

Past Incentive Recipients

- **Building Permit Fee Waiver:** various businesses have taken advantage of this program over the years. The Whitetail Ridge Golf Dome was the most recent recipient in 2023.
- **Revolving Loan Funding:**

**Revolving Loan Funding Program Recipients**

<b>Year</b>	<b>Recipient</b>	<b>Amount</b>	<b>Address</b>	<b>Use</b>
2024	Nash Vegas Saloon*	\$340,000	61 Main St.	Full-service restaurant buildout
2023	Hell's BBQ*	\$30,000	1019 Station Dr.	Equipment and external building improvements
2020	Tap House Grill*	\$80,000	123 Washington St.	Internal building improvements
2016	Sages Meat Market	\$55,000	4538 Route 71	Equipment and interior buildout
2015	AHB Enterprises*	\$150,000	57 Main St.	Interior buildout for retail space
2011	Firehouse Pizza	\$130,000	65 Washington St.	Equipment and external building improvements
2008	Tap House Grill	\$60,000	123 Washington St.	Internal building improvements
2006	Emmett's Ale House	\$300,000	123 Washington St.	New construction of three-story commercial building

\* Denotes active loan

- Economic Incentive Award:

### Economic Incentive Award Program Recipients

Year	Recipient	Amount	Address	Use
2024	Nash Vegas Saloon	\$40,000	61 Main St.	Full-service restaurant buildout
2022	Oswego Area Chamber	\$10,000	25 E. Jackson St.	Internal and external property improvements
2021	Freddie's Off the Chain	\$20,000	11 S. Madison St.	Watermain and internal building improvements
2020	Tap House Grill	\$20,000	123 Washington St.	Internal building improvements
2018	Oswego Brewing Company	\$30,000	61 Main St.	External building improvements

- Tax Revenue Sharing:

### Sales Tax Rebate Terms

<u>Oswego Commons</u>		Agreement expired
Start Date:	January 2002 (ends 12/2011)	
Term:	10 years	
Amount:	No Predetermined amount	
Participating Stores	All are supposed to participate, however some stores do not (i.e. Portillo's will NOT share sales tax information). Village is not liable for those stores that do not participate	
Allocation Method	CY 2002-2003 Village retains 30% and rebates 70% CY 2004-2005 Village retains 25% and rebates 75% CY 2006-2008 Village retains 50% and rebates 50% CY 2009-2011 Village retains 75% and rebates 25%	
<b>Paid to Date:</b>	4,567,579	<b>Total Sales tax generated</b> 8,410,352

<u>Kohl's</u>		Agreement expired
Start Date:	October 2006	Expires 10/2016
Term:	10 years or \$1 million, whichever occurs first	
Amount:	\$ 1 million	
Participating Stores:	Kohl's	
Allocation Method:	Village retains 50% and rebates 50%	
<b>Paid to Date:</b>	701,719.48	<b>Total Sales tax generated</b> 1,403,438.95

<u>Jewel</u>		Agreement COMPLETED
Start Date:	May 2008	
Term:	Until Entire Rebate is met	
Amount:	850,000	
Participating Stores:	Jewel	
Allocation Method:	Village retains 50% and rebates 50%	
<b>Paid to Date:</b>	850,000.00	<b>Total Sales tax generated</b> 1,725,871.02

<b>Meijer/UP Investments</b>		<b>Agreement expired</b>	
Start Date:	May 2007		
Term:	7 year Maximum (unless rebate amount is reached first)		
Amount:	\$ 3,011,370.55 plus 2.5% interest, compound quarterly on outstanding balance of rebate All stores in Meijer's/UP development. However, not all stores are reporting, so the Village is not paying interest portion of the rebate		
Participating Stores:	not paying interest portion of the rebate		
Allocation Method:	Year 1	Village retains 70% and rebates 30%	
	Year 2 & 3	Village retains 60% and rebates 40%	
	Year 4 & 5	Village retains 50% and rebates 50%	
	Year 6 & 7	Village retains 50% and rebates 50%	
<b>Paid to Date:</b>	2,676,571.11	<b>Total Sales tax generated</b>	5,885,835.06

<b>Wal-Mart</b>		<b>Agreement COMPLETED</b>	
Start Date:	September 2007		
Term:	20 Years (Max Term Date: Dec 31, 2028)	<i>Estimated term year</i>	<b>2023</b>
Amount:	3,789,640		
Participating Stores:	Wal-Mart		
Allocation Method:	Village retains 60% and rebates 40% (through Dec 31, 2026) Village retains 67.67% and rebates 33.33% Jan 1, 2027-Dec 31, 2028 - if needed)		
<b>Paid to Date:</b>	3,789,640.00	<b>Total Sales tax generated</b>	9,529,642.83

<b>Emerson Creek</b>		<b>Agreement COMPLETE</b>	
Start Date:	February, 2021		
Term:	3 Years (Feb 28, 2024)	<i>Estimated term year</i>	<b>2024</b>
Amount:	25,000		
Participating Stores:	Emerson Creek		
Allocation Method:	Emerson Creek Retains 100%		
<b>Paid to Date:</b>	25,000.00	<b>Total Sales tax generated</b>	26,647.46

<b>Longhorn Steakhouse</b>			
Start Date:	August, 2017		
Term:	10 Years (Max Term Date: Aug 31, 2027)	<i>Estimated term year</i>	<b>2027</b>
Amount:	180,000		
Participating Stores:	Longhorn Steakhouse		
Allocation Method:	Village retains 50%		
<b>Paid to Date:</b>	80,907.66	<b>Total Sales tax generated</b>	161,815.32

<b>City of Aurora</b>			
Start Date:	August 25, 2015		
Term:	20 Years (Max Term Date: Aug 31, 2037)	<i>Estimated term year</i>	<b>2037</b>
Amount:	n/a		
Participating Stores:	Speedway		
Allocation Method:	Village retains 75%		
<b>Paid to Date:</b>	154,974.64	<b>Total Sales tax generated</b>	619,898.54

<b>Imperial Investments</b>			
Start Date:	TBD		
Term:	5 Years (Starting March 2022)	<i>Estimated term year</i>	<b>2027</b>
Amount:	70,000		
Participating Stores:	Dairy Barn		
Allocation Method:	Imperial Investments Retains 100%		
<b>Paid to Date:</b>	4,165.54	<b>Total Sales tax generated</b>	4,165.54

- Other Programs: only recipients of the cost sharing, tax increment financing, and UIRVDA incentive programs will be listed since there are no known recipients of the property tax abatement program and there are too many recipients of the COVID-19 assistance program to list.
  - Cost Sharing: granted to developers of new construction projects where extenuating site concerns may exist. The most recent recipient is Whitetail Ridge for their indoor golf dome project on Orchard Road. In 2023, they were approved to receive a reimbursement of \$112K from the Water and Sewer Capital Fund for costs attributed to extending an eight-inch looped water main from the site.
  - Tax Increment Financing (TIF): since the downtown TIF was established in 2016, the only recipient of funding has been The Shodeen Group for the construction of the Reserve at Hudson Crossing. Shodeen received a \$16 million bond to be repaid through incremental property tax payments as part of a larger \$64 million redevelopment project.
  - UIRVDA Enterprise Zone: the Shodeen Group is also the only known recipient of the UIRVDA enterprise zone program. They received a state sales tax exemption on building materials based on its portion of the Reserve at Hudson Crossing project estimated at \$44 million.

Board and staff discussion focused on any changes to incentives should be flexible and easy to be administered; no other incentives that other communities use that we don't; façade improvement program became the economic incentive program; need to talk to the AACVB regarding the sharing or increasing of hotel/motel tax; a lot of communities have a 5% hotel/motel tax; state used to have funding for applicants; applicant should be applying for one and not two incentives; doesn't have a great appearance; applicants need to decide which one they want; big developments are taking away from a smaller business; putting a cap on grants; grant is only for TIF or downtown; grant does not expire; it is rolled into the following year; up to \$40,000; Board can decide to increase or decrease the \$40,000; should be no cap on loans; cannot transfer from a grant to a loan; loan funds are invested; cap at up to 50% of the project cost; three tiers of incentives; leaving it up to staff to determine what works based on the project; have not had a failure with a loan fund; would be silly not to ask for the grant because it is paying the interest on the loan; grant should be for helping businesses; minimum of \$5,000 for the loan, so the project would need to be \$10,000 or more; reason for the threshold; lowering the threshold to attract more investment in the downtown; don't want to tie our hands by limiting the amount of tools we have; competing with other communities; see the loan as more for small businesses; façade grant is for improvements to the building; whether the applicant should be the building owner; including the building owner as part of the process; huge investment with the brewery and now Nash Vegas; tenant is doing the buildout; have not had to turn down a grant or loan, but it could happen; grant funds were not awarded for five years; splitting revenue; since 1985, the fund has grown by principal and interest and not from another loan or tax dollars; whether we are going to restrict loans or allow staff to decide; rolling over unused funds; small businesses should get priority for incentives. There was no further discussion.

### **CLOSED SESSION**

There was no closed session.

### **ADJOURNMENT**

The meeting adjourned at 7:29 p.m.

Tina Touchette  
Village Clerk