



DEPARTMENT OF COMMUNITY DEVELOPMENT SERVICES

Economic Development Division

m e m o r a n d u m

TO: Bruce K. Walden, CAO

FROM: Elizabeth H. Tyler, Community Development Director

DATE: September 23, 2004

SUBJECT: Tax Increment Finance District #1 Redevelopment Plan Amendment

Description

The purpose of the attached Ordinance (Attachment A) is to adopt an Amendment to the Downtown Tax Increment Finance (TIF) 1 Plan (“Plan Amendment”) that was originally adopted December 15, 1980. The plan covers the core of the downtown area of the City, including the properties along the east side of Race Street, and from the Edge of Mall apartments on the south to the businesses on the north side of Main Street. The plan area also includes the Busey Bank Plaza and the older structures on both sides of Main Street from the Stephens Building to the Municipal Parking Deck. It runs north along Broadway to include the County Plaza, County Market and Civic Center block, Timpone’s Block and the older business adjacent to and including Goose Alley. A map of the TIF District is included as Attachment B of this memorandum as well as in the draft copies of the proposed Plan Amendment.

Due to the date of establishment of this TIF District, the City is able to amend the TIF Plan to extend its term and revise the projects and budget, with City Council approval, through an amendment process outlined in the Illinois TIF Redevelopment Act (the “Act”). Draft copies of the Plan Amendment were distributed to each Council Member, the Plan Commission members, and to a representative of each taxing district with taxable property in the TIF boundary.

Background

Tax Increment Financing is a financing mechanism that is available to Illinois municipalities to encourage local economic development. TIF relies upon the increased assessed values and incremental taxes generated by new development occurring within the Redevelopment Project Area to pay the costs of redevelopment and TIF-eligible projects which can include demolition of blighted structures, environmental remediation, beautification, new infrastructure, and incentive programs.

TIF is used to facilitate the development of blighted, unproductive areas that may be devoid of economic development potential without the “jump-start” that can occur with TIF funded improvements.

TIF relies only upon increases in the assessed valuation in the Redevelopment Project Area and does not rely upon, or otherwise negatively affect, the existing tax base of the local taxing districts. TIF allows the reinvestment of any increases in incremental tax revenues occurring within the Redevelopment Project Area back into the area for a set period of time, but no longer than 23 years unless amended. During this time, other local taxing districts (including the City) do not enjoy the benefit of the incremental tax increases attained within the Redevelopment Project Area. More specifically, TIF generates revenues by allocating incremental real estate tax revenues derived from increased assessed values to the TIF Fund in lieu of being disbursed to the various local taxing districts. All local taxing districts continue to receive tax revenues based upon the assessed value of each taxable parcel within the Redevelopment Project Area at the time TIF is adopted. Tax rates remain unaffected and are levied as deemed appropriate by each of the local taxing districts.

The assessed valuation of the Redevelopment Project Area at the time TIF is established is termed the “base year” assessment. All increases in assessed value on each parcel within the Redevelopment Project Area above the “base year” assessment are taxed in the same manner and at the same rate as if the parcel were not in the Redevelopment Project Area. However, incremental tax revenues generated from the increased assessed valuation above the “base year” assessment are placed in a TIF Fund and must be spent in conformance with the Redevelopment Plan and the Act. The amount paid by an individual taxpayer on a parcel is no different whether the parcel is in or out of the Redevelopment Project Area. It is the allocation of incremental taxes between the TIF District and the other local taxing districts that is altered upon adoption of TIF.

Process

Joint Review Board

Prior to the adoption of an Ordinance establishing a Redevelopment Project Area, the City must convene a Joint Review Board (JRB). The Joint Review Board consists of a representative selected by each community college district, local elementary school district, high school district or local community unit school district, park district, library district, township, fire protection district, and county that has authority to directly levy taxes on the property within the proposed Redevelopment Project Area; plus a representative selected by the municipality; and a public member.

A meeting of the Urbana’s Joint Review Board was held on July 26, 2004 in the Community Development Department. There was a quorum present, and minutes of the meeting and a report on the meeting are included as attachments C and D of this memorandum. Under the Act, the Joint Review Board has 30 days to submit a written report to the City describing why the redevelopment plan and project area meets or fails to meet one or more of the eligibility criteria. The only suggested change to the Draft Plan Amendment made by the JRB was to include TIF 4 as a potential

funding source in the section entitled “Sources of Funds”, since funds may be transferred between TIF’s whose boundaries are contiguous.

Public Hearing

Pursuant to the Act, the City must make a copy of this Redevelopment Plan Amendment available for public inspection and must pass an ordinance or resolution fixing a time and place for public hearing and approval of the Redevelopment Plan Amendment. Copies of the Plan Amendment have been available in the City Clerks office since June 25 and will continue to be available upon request from the Community Development Department. An Ordinance was passed by City Council on July 6, 2004, establishing a time and date for a public hearing regarding the proposed Plan Amendment on September 7, 2004.

According to the TIF Act, legal notice regarding the public hearing must be published and sent to all local taxing districts, to the Illinois Department of Commerce and Economic Opportunity, and to all property owners within the Redevelopment Project Area. This notice appeared in the News-Gazette on July 30, August 13, and August 26, 2004. Notices of the public hearing to property owners were sent out in July to residential addresses within 750 feet of the TIF district boundary and in early August to property owners that pay taxes within the TIF district. The public hearing was held on September 7, 2004 at 7:15 in the Urbana City Council Chambers. There were no public members present for comment and therefore no objections or suggested changes to the Plan Amendment.

Adoption

Following joint review board recommendation and the public hearing on the Redevelopment Plan, the related Redevelopment Projects, the Redevelopment Project Area, and the adoption of TIF, the City Council may undertake the formal adoption thereof by one or more ordinances, which are required to be filed with the Champaign County Clerk.

Summary of Plan Amendment

The Plan Amendment would extend the term of the TIF for an additional twelve years (until 2016) and would amend the redevelopment projects to be undertaken to reflect changes to the downtown over time, as well as the goals and objectives laid out in the Comprehensive Plan Update, the Downtown Strategic Plan, and the Build Downtown Initiative.

Private development assistance is the key component of the plan as it will be what drives the implementation of the Downtown Strategic Plan. The key redevelopment projects identified in the plan are depicted on Figure 7, and an estimate of costs for improvements and assistance for an extended TIF are in Table 3 of the Plan Amendment, and are included as attachments E and F of this memorandum, respectively. The Plan Amendment is very focused in its intent, and funds required would be limited to those created through new redevelopment projects. Thus, funds not needed to complete the projects laid out in the plan would be distributed back to the various taxing bodies in the manner described in the “Surplus Distributions” section of the Plan Amendment.

Recommendations

Staff recommends City Council approve the attached ordinance in order to adopt the Plan Amendment as drafted, to include the minor change suggested by the Joint Review Board.

Prepared by:

Ryan L. Brault, Redevelopment Specialist

Attachments:

- A. Ordinance
- B. TIF Boundary Map
- C. JRB Meeting Report
- D. JRB Meeting Minutes
- E. Redevelopment Projects Map
- F. Estimate of TIF Costs

ORDINANCE NO. 2004-09-132

AN ORDINANCE APPROVING AND ADOPTING A SUPPLEMENT AND AMENDMENT TO THE REDEVELOPMENT PLAN AND RELATED REDEVELOPMENT PROJECTS FOR THE DOWNTOWN URBANA TAX INCREMENT REDEVELOPMENT PROJECT AREA

WHEREAS, pursuant to a series of ordinances (Ordinance Nos. 8081-61, 8081-62 and 8081-63), adopted December 22, 1980, including as supplemented by an ordinance (Ordinance No. 8687-31) adopted October 6, 1986 (collectively, the **“TIF Ordinances”**) in connection with the Urbana Downtown Tax Increment Redevelopment Project Area (the **“Redevelopment Project Area”**), the City Council of the City of Urbana, Champaign County, Illinois (the **“Municipality”**) adopted the Urbana Downtown Tax Increment Area Redevelopment Plan and related Redevelopment Projects (the **“Redevelopment Plan”** and **“Redevelopment Projects”**), designated the Redevelopment Project Area, and authorized tax increment finance (**“TIF”**) under the Tax Increment Allocation Redevelopment Act (65 ILCS 5/11-74.4-1 et seq.), as supplemented and amended (including the predecessor act thereof, the **“TIF Act”**), and provided for the life of the Redevelopment Plan, Redevelopment Projects and Redevelopment Project Area utilizing TIF for a term of not more than 23 years;

WHEREAS, pursuant to an ordinance (Ordinance No. 9394-100), adopted May 16, 1994 (the **“1st Amending Ordinance”**), the City Council of the Municipality amended the TIF Ordinances in accordance with Sections 11-74.4-3(i) and (n), 11-74.4-7 and 11-74.4-8a of the TIF Act to extend the 23-year term for the life of the Redevelopment Plan, Redevelopment Projects and Redevelopment Project Area to the date on which the Redevelopment Project Area is terminated, or bonds with respect to certain redevelopment project costs for the Redevelopment Project Area are retired, or December 31, 2013, whichever date occurred first, but such extension was expressly not made applicable to real property TIF under Section 11-74.4-8 of the TIF Act; and

WHEREAS, pursuant to an ordinance (Ordinance No. 9394-99) adopted May 16, 1994 (the **“Bond Ordinance”**), the Municipality, on June 1, 1994, issued \$1,990,000 original principal amount General Obligation Tax Increment Refunding Bond, Series 1994A (the **“Series 1994A Bonds”**) to refund certain outstanding prior bonds issued to finance redevelopment project costs within the Redevelopment Project Area and pledged the **“Incremental Property Taxes”** and the **“Incremental Sales Taxes”** (as each such quoted term is defined in the Bond Ordinance) derived from the Redevelopment Project Area and deposited in the special tax allocation fund to the payment thereof; and

WHEREAS, \$865,000 total amount of the Series 1994A Bonds remain outstanding, which such outstanding bonds bear interest at the rates and mature and become due and payable on March 1 of the years (subject to prior redemption) in the principal amount in each year as follows:

<u>Year</u>	<u>Principal Amount(\$)</u>	<u>Interest Rate(%)</u>
2005	60,000	5.25
2006	70,000	5.25
2007	75,000	5.25
2008	85,000	5.25
2009	95,000	5.25
2010	105,000	5.25
2011	115,000	5.25
2012	125,000	5.25
2013	135,000	5.25

; and

WHEREAS, pursuant to an ordinance (Ordinance No. 2002-06-063), adopted June 17, 2002 (the “**2nd Amending Ordinance**”), the City Council of the Municipality amended the Redevelopment Plan and the Redevelopment Projects to extend the estimated date of completion of the Redevelopment Plan and Redevelopment Projects for the purposes of real property TIF under Section 11-74.4-8 of the TIF Act only to be not later than December 31, 2004; and

WHEREAS, pursuant to an ordinance (Ordinance No. 2003-03-031), adopted April 7, 2003 (the “**3rd Amending Ordinance**”), the City Council of the Municipality terminated real property TIF for the Redevelopment Project Area under Section 11-74.4-8 of the TIF Act as of December 31, 2003, the year in which payment to the Comptroller of the Municipality is to be made in respect to ad valorem taxes levied in the twenty-third (23rd) calendar year after the TIF Ordinances were adopted, but continued the special tax allocation fund for the Redevelopment Project Area and extended the estimated dates of the completion of the Redevelopment Projects and retirement of the Series 1994A Bonds to December 31, 2013; and

WHEREAS, pursuant to an ordinance (Ordinance No. 2003-12-148), adopted December 15, 2003 (the “**4th Amending Ordinance**”), the City Council of the Municipality rescinded and repealed the termination of real property TIF for the Redevelopment Project Area under Section 11-74.4-8 of the TIF Act as of December 31, 2003 as provided in the 3rd Amending Ordinance, and extended the date for the completion of the Redevelopment Projects and the retirement of obligations issued to finance redevelopment project costs for the purposes of real property TIF under Section 11-74.8 of the TIF Act until December 31, 2004, as originally provided in the 2nd Amending Ordinance; and

WHEREAS, Section 11-74.4-3(n) of the TIF Act in relevant part now further provides that, if the TIF Ordinances were first adopted prior to January 15, 1981, the estimated date of completion of the Redevelopment Projects and retirement of obligations to finance redevelopment project costs shall not be later than December 31 of the year in which the payment to the Municipality’s treasurer as provided in subsection (b) of Section 11-74.4-8 of the TIF Act is to be made with respect to ad valorem taxes levied in the thirty-fifth calendar year after the year in which the TIF Ordinances approving the Redevelopment Project Area were adopted; and

WHEREAS, the City Council of the Municipality has determined that it is advisable for the Municipality to afford itself of the provisions of the TIF Act and to undertake proceedings related to supplementing and amending the Redevelopment Plan, a draft copy of which was placed on file with the City Clerk of the Municipality on June 25, 2004 and is now before the meeting of the City Council at which this Ordinance is adopted (the “**Redevelopment Plan Amendment**”), including certain other proposed Redevelopment Projects identified therein to further the objectives of the TIF Act; and

WHEREAS, pursuant to an ordinance (Ordinance No. 2004-06-278), adopted July 6, 2004, as amended by a correcting ordinance (Ordinance No. 2004-08-108), adopted August 16, 2004, the City Council set 7:30 p.m. on Tuesday, September 7, 2004, at the Municipal Building, 400 S. Vine Street, Urbana, Illinois, at the time and place for the public hearing required under Section 11-74.4-5 of the TIF Act in connection with any approval and adoption of the Redevelopment Plan Amendment; and

WHEREAS, the City Council and other officers and representatives of the City have duly noticed, held and conducted all proceedings, including the required public hearing and joint review board meeting, preliminary to the approval and adoption of the Redevelopment Plan Amendment under and pursuant to the TIF Act.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF URBANA, CHAMPAIGN COUNTY, ILLINOIS, as follows:

Section 1. Findings. The Corporate Authorities hereby find, determine and declare as follows:

A. that the matters hereinabove set forth in the preambles and recitals to this Ordinance are true, correct and complete and are hereby incorporated herein by this reference thereto; and

B. that the approval and adoption of the Redevelopment Plan Amendment and related Redevelopment Projects as described therein are necessary and proper public purposes in order to promote and protect the health, safety, morals and welfare of the public and thereby eradicate blighted conditions, institute conservation measures, undertake the further redevelopment of the Redevelopment Project Area, remove and alleviate adverse conditions and encourage private investment and enhance the tax base of the various taxing districts.

Section 2. Approval and Adoption of Redevelopment Plan Amendment. Under and pursuant to the TIF Act, the Municipality hereby approves and adopts the Redevelopment Plan Amendment, including the related Redevelopment Projects described therein, for the Redevelopment Project Area and hereby ratifies, confirms, adopts and approves as true, complete and correct all findings and certifications made in such Redevelopment Plan Amendment.

Section 3. Form. The Redevelopment Plan Amendment shall be in the form before the meeting of the City Council at which this Ordinance is adopted. Such Redevelopment Plan Amendment as so approved and adopted shall be on file with this Ordinance in the records of the City Clerk (but any failure to so file it shall not abrogate, diminish or impair its effect).

Section 4. Estimated Dates of Completion. As provided in the Redevelopment Plan Amendment, the estimated date of completion of the Redevelopment Projects and the retirement of obligations issued to finance redevelopment project costs, if any, shall not be later than December 31 of the year in which the payment to the Municipality's Comptroller as provided in subsection (6) of Section 11-74.4-8 of the TIF Act is to be made in respect to ad valorem taxes levied in the thirty-fifth calendar year after the year in which the TIF Ordinances approving the Redevelopment Project Area were adopted, that is **December 31, 2016**, the TIF Ordinances having been adopted on December 22, 1980.

Section 5. Effective Date; Filing. This Ordinance shall become effective upon its passage and approval as required by law. The City Clerk shall file or cause to be filed a certified copy of this Ordinance and a copy of the Redevelopment Plan Amendment with the County Clerk of Champaign County, Illinois, on or before December 31, 2004.

This ordinance is hereby passed by the affirmative vote, the "ayes" and "nays" being called, of a majority of the members of the City Council of the City of Urbana, Illinois, at a regular meeting of said City Council on the ____ day of October, 2004, A.D.

PASSED by the City Council this ____ day of October, 2004.

"Ayes" _____

"Nays" _____

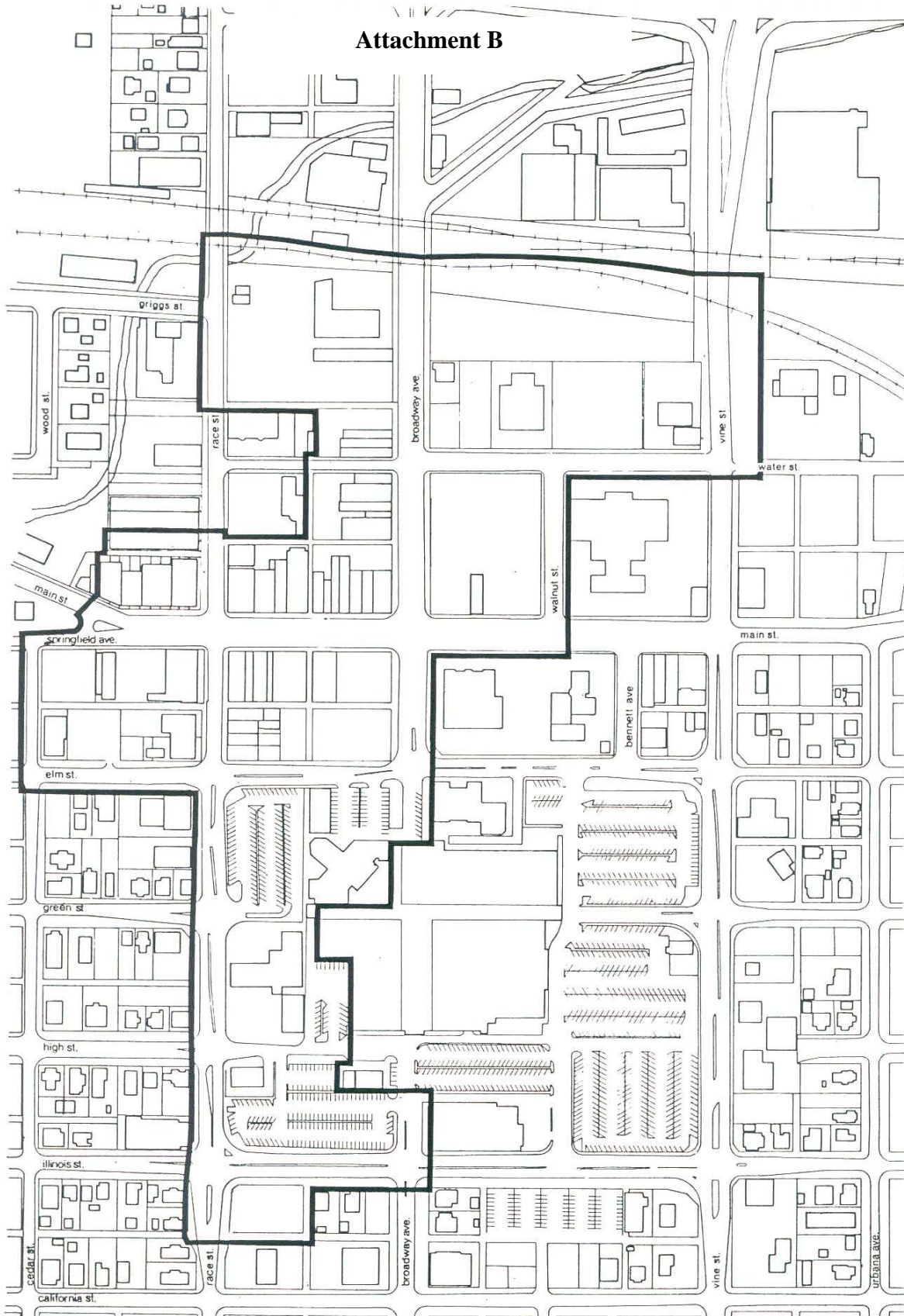
"Absent or Not Voting" _____

Phyllis D. Clark, City Clerk

APPROVED by the Mayor this ____ day of October, 2004.

Tod Satterthwaite, Mayor

Attachment B



TAX INCREMENT ALLOCATION DISTRICT Boundary Map



NOTE: LOCATIONS ARE SCHEMATIC & SIZES ARE APPROXIMATE

ATTACHMENT C

DOWNTOWN TAX INCREMENT FINANCE DISTRICT #1 PLAN AMENDMENT CITY OF URBANA, ILLINOIS

Joint Review Board Report on Meeting of July 26, 2004

August 26, 2004

Introduction

Under the provisions of the Illinois Redevelopment Act, a Joint Review Board was convened on July 26th, 2004 regarding the Downtown Tax Increment Finance District #1 Plan Amendment proposed in Urbana, Illinois.

According to the Act, the Joint Review Board shall consist of a representative selected by each community college district, local elementary school district and high school district or each local community unit school district, park district, library district, township, fire protection district and county that has authority to directly levy taxes on property within the proposed Redevelopment Project Area; a representative selected by the Municipality; and a public member who, together with the Joint Review Board's chairperson, shall be elected by a majority of other Joint Review Board members.

The purpose of the Joint Review Board is to review the public record, planning documents and proposed ordinances approving the Plan Amendment and redevelopment projects; to review the designation of the Redevelopment Project Area and the adoption of Tax Increment Financing therefore; and to make a nonbonding recommendation thereon.

Discussion

A Joint Review Board meeting regarding the Redevelopment Project Area was convened on July 26, 2004. Urbana Mayor Tod Satterthwaite chaired the meeting. Other Joint Review Board members present included one representative each from the Champaign Urbana Public Health District (Jim Butler), Champaign County (Denny Inman), Urbana Park District (Vickie Mayes), and Cunningham Township (Joanne Chester). Individual meetings were held and draft copies of the Plan Amendment were also given to JRB representatives who could not attend the July 26th meeting to answer any concerns and receive any suggestions for changes to the Plan Amendment.

At the meeting of the Joint Review Board, City staff presented the proposed Draft Redevelopment Plan and redevelopment projects and responded to questions. At this meeting, the Joint Review Board reviewed draft ordinances pertaining to the proposed Redevelopment Projects, adoption of the Plan Amendment, term extension of TIF #1 to the year 2016, and use of Tax Increment Financing. The Joint Review Board also reviewed a text addition to a section

regarding transfer of funds between contiguous TIF districts to include TIF #4, and amounts of surplus distributions to taxing districts.

Recommendation

At conclusion of the July 26th, 2004 JRB meeting, the Joint Review Board unanimously agreed to recommend approval of the proposed Plan Amendment and Redevelopment Projects (including suggested text changes) on the basis that the Redevelopment Project Area and Redevelopment Plan appeared to continue to satisfy eligibility and other requirements of the TIF Act. A public hearing on the proposed Amendment is scheduled for September 7th with the Amendment to go to Council for approval on October 4th, 2004.

Please see attached minutes for a detailed record of these proceedings.

Prepared by:

Ryan L. Brault
Redevelopment Specialist
City of Urbana

ATTACHMENT D

Minutes of Meeting

TAX INCREMENT FINANCE DISTRICT JOINT REVIEW BOARD

Date: July 26, 2004

Time: 3:00 p.m.

Place: Community Development Conference Room
Urbana City Building
400 S. Vine St.
Urbana, IL 61801

MEMBERS PRESENT: Tod Satterthwaite, JRB Chair, City of Urbana
Jim Butler
Joanne Chester
Denny Inman
Vickie Mayes

STAFF PRESENT: Ryan Brault, Redevelopment Specialist
John Regetz, Economic Development Div. Mgr.
Elizabeth Tyler, Director of Community Development
Tony Weck, Recording Secretary

I. Call to order

A quorum was declared and Mayor Satterthwaite called the meeting to order at 3:15 p.m.

II. Review of minutes

There were none.

III. Discussion of Plan Adoption Process

Mr. Brault presented this portion of the meeting, stating that it has been proposed that the term of the Tax Increment Finance District number 1 be extended until 2016. This proposal will be discussed, and modified if necessary, in committee on the tentative date of September 13th, 2004 and will be presented to the City Council on September 20th, 2004. Part of the process includes sending out various notices to TIF 1 area residents as well as holding a public hearing, which is set for September 7th, 2004. Mr. Brault stated that he had received several calls from residents who received notice of the TIF 1 Plan Amendment. He said that the majority of the calls

were from residents asking what exactly the Plan Amendment is, how it will affect them and if their taxes will increase. There have been, however, no negative comments according to Mr. Brault.

IV. Overview of TIF #1 Plan Amendment

Mr. Brault briefly overviewed the TIF 1 Plan Amendment document, which had previously been sent to all Joint Review Board members and had been reviewed by them. Mr. Brault cited that the remodeling of Bunny's Tavern, the opening of the Crane Alley establishment and the relocation of the Yen Ching restaurant (now Tang Dynasty) to Lincoln Square Mall were all results of participation in programs made possible by TIF 1. Mr. Brault also mentioned the Stratford site and the City's desire to locate a developer who would be interested in developing the site. The possibility of further developing existing buildings in the Downtown area was also discussed, particularly of converting the upper floors of buildings already in use to residential uses. Mr. Brault cited that Scott Cochrane, owner of The Office tavern had expressed interest in this idea.

V. Determination of Eligibility

Mr. Butler made a motion that, upon review of the proposed amendment to TIF #1, that it appears to meet the criteria for eligibility and recommended that it be approved. The motion was seconded by Mr. Inman. All board members voted favorably; there were no objections. Mayor Satterthwaite declared the motion carried.

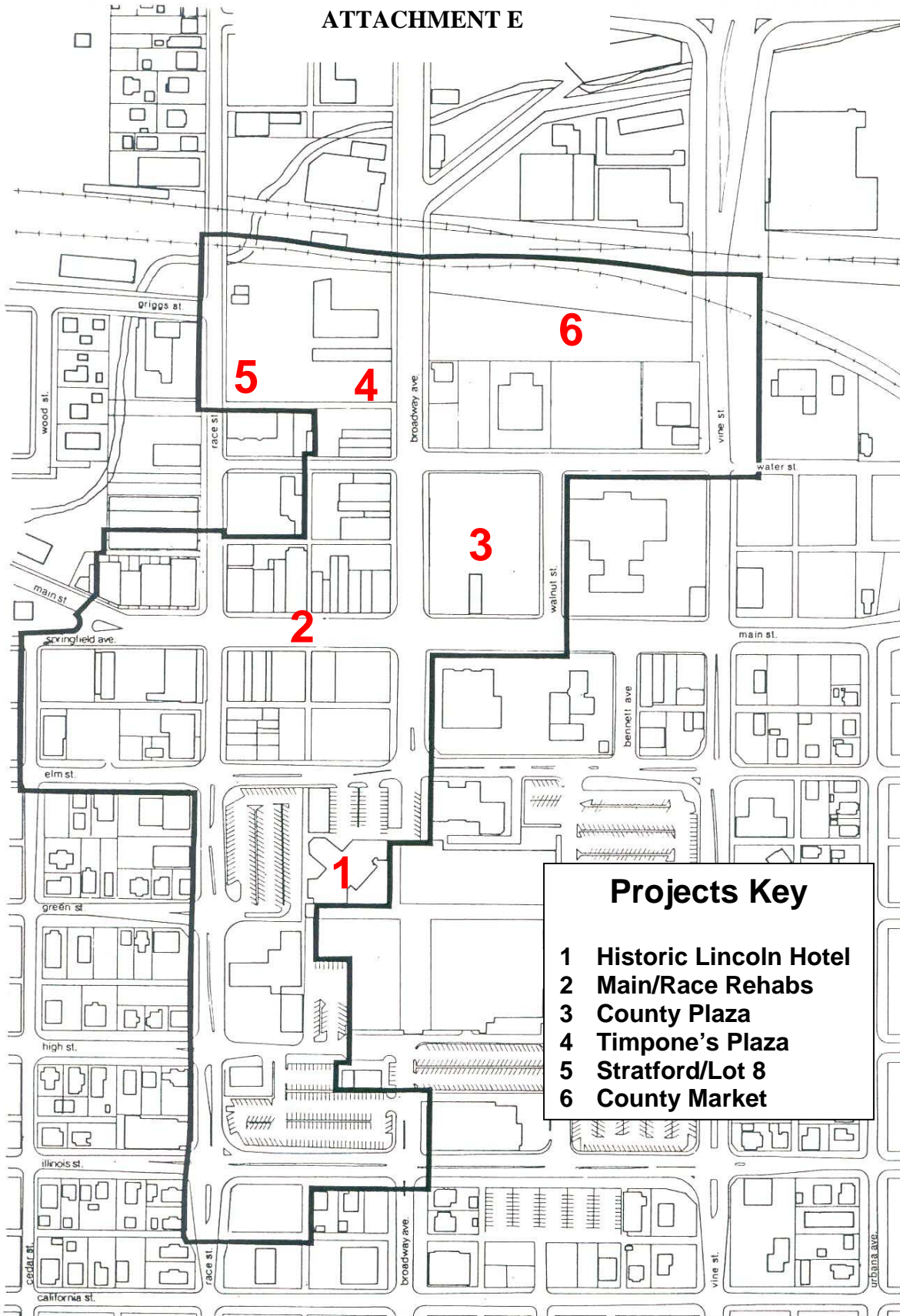
VI. Questions and Comments

Questions and comments were addressed during the course of the presentation. There were no further questions or comments at this point in the meeting.

VII. Adjournment

The meeting was adjourned at 3:45 p.m.

ATTACHMENT E



TAX INCREMENT ALLOCATION DISTRICT

Project Locations

Figure 7



NOTE: LOCATIONS ARE SCHEMATIC & SIZES ARE APPROXIMATE

ATTACHMENT F

TABLE 3

PRELIMINARY ESTIMATES OF PROBABLE TOTAL COSTS FOR IMPROVEMENTS AND ASSISTANCE

ROADWAY IMPROVEMENTS

Water/Walnut Streets	\$ 350,000
Subtotal	\$ 350,000

PARKING IMPROVEMENTS

\$ 500,000

STREET LIGHTING

Race and Illinois Street L-72 poles	\$ 100,000
Subtotal	\$ 100,000

OPEN SPACE, PARKS, AND LANDSCAPING

Main/Springfield Plaza	\$ 100,000
Broadway & Elm Minipark	\$ 100,000
Broadway & Water Minipark	\$ 125,000
Other Parks	\$ 390,000
Subtotal	\$ 715,000

STREETSCAPE

Broadway Avenue Streetscape	\$ 600,000
Water/Walnut Streetscape Sidewalk	\$ 250,000
Other Streetscape	\$ 300,000
Subtotal	\$ 1,150,000

LOT PREPARATION

\$ 200,000

LOT ACQUISITION/CONSOLIDATION

\$ 150,000

PRIVATE DEVELOPMENT ASSISTANCE

Historic Lincoln Redevelopment	\$ 500,000
County Market Redevelopment	\$ 400,000
County Plaza II New Development	\$ 800,000
Stratford Site New Development	\$ 400,000
Timpone's Plaza New Development	\$ 200,000
Existing Building Rehabs	\$ 120,000
Subtotal	\$ 2,420,000

VOCATIONAL TRAINING

\$ 975,000

**PRELIMINARY ESTIMATE OF PROBABLE TOTAL COSTS
FOR IMPROVEMENTS WITHIN
REDEVELOPMENT PROJECT AREA \$6,560,000**