



**DEPARTMENT OF COMMUNITY DEVELOPMENT SERVICES**

*Planning Division*

**m e m o r a n d u m**

**TO:** Bruce K. Walden, Chief Administrative Officer

**FROM:** William R. Gray, P.E., Public Works Director/City Engineer  
Elizabeth H. Tyler, AICP, Community Development Director

**DATE:** September 15, 2005

**SUBJECT:** An Agreement to Clarify Ownership of Pedestrian Bridge  
(Between 123 West Main Street and the Urbana Parking Deck)

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**Introduction**

This memorandum is in response to Council member questions and feedback at the September 6, 2005 meeting. It also provides additional information that has arisen since this meeting.

**Cost Estimate Update/Financial Information**

The current valid low bid for removal and replacement of the bridge is \$60,000. Repairs to the parking deck are tied to this bid and are being held contingent upon resolution of the bridge matter. If the necessary work is to be completed this year, resolution of this matter must occur in the very near future. The source of funding for this repair is Motor Vehicle Parking System (MVPS) funds. The purpose of MVPS covers the maintenance and upkeep of the City's parking facilities, which may include accessways to facilitate use of the City's facilities. The cost estimate for removal without replacement is approximately \$25,000. Therefore, the incremental difference between removal and reconstruction is approximately \$35,000.

According to his own estimates, Mr. Omo-Osagie pays approximately \$6,000 per year for the use of spaces in the City's parking deck and approximately \$16,000 per year in property tax for the building at 119/123/125 Main Street.

**Parking Deck Users**

Tenants in the second level of 119/123/125 Main Street that use the bridge for access to the parking deck include Gabe's Place Rental office plus three Attorney offices, comprising seven attorneys and their staffs. It is estimated that there are 25 renters of space in the second floor of this building (with estimated revenues for the parking deck of approximately \$15,000 per year).

In addition, Gabe's Place is visited by hundreds of University students who frequent the office for signing leases and/or paying rent. Tenants on the first floor of 119/123/125 Main Street include a barber shop and architecture firm. There is vacant space at street level where the Daisy's Diner and Smith Investigations were located. First floor tenants likely use the first floor of the parking deck, although it is possible that they may have customers who park on the second level of the deck and pass over the bridge to access the building.

Use of the City's parking deck (and revenues generated thereby) would be significantly impacted if the bridge to 119/123/125 Main Street were to be discontinued. According to Mr. Omo-Osagie, it is likely that the attorney offices in the second floor would choose to relocate their offices to another building if direct access to the parking deck is discontinued. Attorney's generally place a high value on their time and may have many injured or disabled clients, particularly if they practice personal injury or family law.

## **Access Requirements**

The building at 119/123/125 Main Street does not contain an elevator. The second level of the building is accessible by two internal staircases and by the pedestrian bridge to the parking deck. Users and tenants of the second floor with mobility impairment must use the pedestrian bridge for access. While the bridge does not meet all American's with Disabilities Act (ADA) requirements, from a practical standpoint it is negotiable for those in a wheelchair or with mobility difficulty, while the internal staircases are not.

The egress from the building to the pedestrian bridge is not marked as a required egress per building code and fire safety purposes. Therefore, no technical violation of the City's building code would occur if the bridge were to be removed. However, Section 400.510 of the Illinois Administrative Code states that no alteration shall be undertaken that decreases or has the effect of decreasing accessibility or usability of a [public] building or facility below the requirements for new construction at the time of alteration. Because the City's parking deck is a public facility, removal of the bridge by the City could be seen as a violation of this State law.

## **Redevelopment Program and Plans**

Mr. Omo-Osagie proposes to complete substantial renovations to the building at 119/123/125 Main Street. These include replacement of the carport structure in the rear (already completed), replacement of venting and HVAC systems (underway), façade improvements for a more historic look, and fitting up of the Daisy's Dinner space to attract a new restaurant/tavern space. In order to pursue these renovations, Mr. Omo-Osagie is participating in the City's Downtown Redevelopment Incentive Program. This program has been in place in downtown Urbana for many years and has been instrumental in several dozen renovations of properties to help maintain a vital commercial district. The funding for the program is provided by the City's downtown tax increment finance districts (TIF). The two TIF districts in the downtown were recently extended. The Redevelopment Plan Amendments for these programs incorporate the

Redevelopment Incentive Program and monies are budgeted from TIF funds each year. Similar programs exist for the TIF No. 4 area and for the Philo Road Development Area. The program is administered by Kathy Larson, an Economic Development Specialist in Community Development Services. The program guidelines are attached.

The proposed improvements are eligible under the guidelines of this program. Because there are three addresses involved, Mr. Omo-Osagie is eligible for underwriting of up to three \$60,000 0% loans and up to three grants of up to \$6,000 each. Provision of the funds is dependent upon satisfactory performance as monitored by the participating bank and by the Economic Development Specialist. Mr. Omo-Osagie's application for this program is attached. He proposes to invest up to \$220,000 of his own funds towards upgrade of the building over three phases.

While property owner participation in reconstruction of the bridge is not a pre-requisite for participation in the Redevelopment Incentive Program as it currently exists, the owner has agreed to recognize his participation in the program as a part of the proposed bridge agreement. (see attached revised copy of the agreement). This is in response to concerns by Council members that replacement of the bridge be tied to the proposed building improvements.

It should be noted that redevelopment in a downtown location is by its very nature costly, due to circumstances such as unclear ownership patterns, older infrastructure, and challenging construction conditions. The difficulties and expenses of pursuing redevelopment in an urban area are recognized by Cities when they adopt TIF districts and redevelopment plans. The additional cost of encouraging redevelopment (as opposed to "green field" development in newer parts of the city) may be viewed as a public good in helping to ensure a continued vibrant inner city and to avoid blighting conditions.

### **Building Owner Participation**

Mayor Prussing and City staff met with Mr. Omo-Osagie and requested his cost participation in the reconstruction of the bridge. Specifically, it was requested that Mr. Omo-Osagie pay for one-half of the incremental costs of reconstruction (one-half of \$35,000 or **\$17,500**). This request was made based upon the precedent of previous cost sharing arrangements where both the City and the property owner would benefit from an improvement. The request was also made in recognition that extensive legal costs could be incurred by both parties if tenants were to suffer damages due to removal of the bridge.

After consulting with his attorney, Mr. Omo-Osagie declined the City's request. He did however offer to pay the requested amount, if it could then be repaid through forgiveness of parking rental costs in the parking deck over a period of three years (since he estimates paying \$6,000 in these rental costs per year).

Mr. Omo-Osagie and his attorney continue to take the position that the pedestrian bridge is not

of his current ownership or responsibility. One alternative to adoption of the proposed agreement would be to request declaratory judgment as to the ownership and responsibility of the bridge. However, the outcome of this judgment is uncertain and could delay the necessary repair work.

## **Recommendation**

Staff continues to recommend execution of the bridge agreement for the following reasons:

1. It would allow for the replacement of infrastructure that could pose a public safety hazard if not repaired.
2. The construction of the improvement would be facilitated by coordination with other necessary scheduled upgrades of the parking deck.
3. It would clarify ownership and responsibility of infrastructure that is currently unclear.
4. It would avoid further legal costs that would be necessary to otherwise demonstrate ownership and responsibility.
5. It would allow for continued maximum functionality and revenue generation of the City's parking deck.
6. It would allow for continued access to the tenants and users of 119/123/125 Main Street.
7. Reduction of access to a public facility is prohibited by State law.
8. It would be consistent with the goals and programs of the Downtown Strategic Plan and Tax Increment Finance District No. 2 Redevelopment Plan.
9. It would help to facilitate the ongoing renovation of the building at 119/123/125 Main Street.

A revised agreement is attached.

Attachment:  
Ordinance  
Revised Agreement  
Redevelopment Program Guidelines  
Redevelopment Program Application

Cc: Gabe Omo-Osagie  
Joseph Pavia

ORDINANCE NO. 2005-08-125

AN ORDINANCE APPROVING AND AUTHORIZING THE EXECUTION OF AN AGREEMENT WITH  
GABRIEL OMO-OSAGIE

(Pedestrian Bridge)

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

Section 1. That An Agreement for Use of Right-of-Way between the City  
of Urbana, Illinois and Gabriel Omo-Osagie, in substantially the form of the  
copy of said Agreement attached hereto and hereby incorporated by reference,  
be and the same is hereby authorized and approved.

Section 2. That the Mayor of the City of Urbana, Illinois, be and the  
same is hereby authorized to execute and deliver and the City Clerk of the  
City of Urbana, Illinois, be and the same is authorized to attest to said  
execution of said Agreement as so authorized and approved for and on behalf  
of the City of Urbana, Illinois.

PASSED by the City Council this \_\_\_\_\_ day of \_\_\_\_\_,  
2005.

AYES:

NAYS:

ABSTAINS:

\_\_\_\_\_  
Phyllis D. Clark, City Clerk

APPROVED by the Mayor this \_\_\_\_\_ day of \_\_\_\_\_, 2005.

\_\_\_\_\_  
Laurel L. Prussing, Mayor

**AN AGREEMENT BETWEEN THE CITY OF URBANA, ILLINOIS**  
**AND GABRIEL OMO-OSAGIE**

WHEREAS, it appears that pursuant to an agreement between the City and the former owners of 123 West Main Street, Urbana, dated the 1<sup>st</sup> day of June, 1983, the pedestrian bridge structure between the City parking deck and 123 West Main Street, Urbana, was built under a construction contract let by the City of Urbana, but the expenses of the construction were paid for by the former owners; and

WHEREAS, other than the agreement referred to above, it appears that no records have been found which clarify the ownership and responsibility for the maintenance of such structure; and

WHEREAS, State law prohibits altering a public facility so that it is made less accessible; and

WHEREAS, at the request of the City, Desman Associates have inspected the structure to determine what repairs are needed to make it structurally sound and safe, and the said Desman Associates have reported that the structure will require replacement and the low bid is sixty thousand dollars (\$60,000); and

WHEREAS, the cost to demolish is estimated at \$25,000; and

WHEREAS, the parties have agreed to certain matters to address the structural integrity of the said structure, and to clarify responsibility for future maintenance of the structure, and perform periodic inspections, and desire to reduce their agreement to writing.

NOW, THEREFORE, IT IS AGREED BY AND BETWEEN Gabriel Omo-Osagie and the City of Urbana as follows:

1. Gabriel Omo-Osagie represents that he is the owner of the premises commonly known as 123 West Main Street, Urbana.

2. That the City will contract for the repairs indicated as needed in “the Desman Associates Report”, dated May 3, 2005, to be accomplished by June 1, 2006.

3. That upon completion of the work called for in such contract and acceptance of the work by the City, the City shall record the attached License Agreement. The said License Agreement will be accepted by Gabriel Omo-Osagie and executed by him simultaneously with this Agreement.

4. That the Owner confirms that he is a participant in the City’s Redevelopment Incentive Program and is proposing to invest \$220,000 towards improvements to the building at 119/123/125 West Main Street as a part of this program, with monitoring of performance to be conducted by the program administrator and participating bank under the established terms and conditions of the program.

CITY OF URBANA, ILLINOIS

GABRIEL OMO-OSAGIE

By: \_\_\_\_\_  
Mayor

\_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

ATTEST:

\_\_\_\_\_  
Phyllis D. Clark, City Clerk

**AGREEMENT FOR USE OF RIGHT-OF-WAY**  
**[123 West Main Street]**

THIS AGREEMENT, made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2005, by and between the CITY OF URBANA, a municipal corporation of the State of Illinois (hereinafter "City"), and Gabriel Omo-Osagie (hereinafter "Owner"),

WITNESSETH:

FOR AND IN CONSIDERATION of the mutual covenants and agreements herein contained, the City and the Owner do mutually covenant and agree as follows:

A. That Gabriel Omo-Osagie owns the pedestrian foot bridge which is the subject of this Agreement, which bridge is pertinent to the building owned by him and commonly known as 123 West Main Street, Urbana. The City of Urbana hereby Quit Claims any interest that it may have in the pedestrian bridge to Gabriel Omo-Osagie.

B. Fish Alley is a 12-foot dedicated right-of-way between the west right-of-way of Crane Alley and east right-of-way of Race Street.

C. The Owner is herein granted by the City a limited right to occupy the right-of-way for the purposes of maintaining a pedestrian bridge structure between the City of Urbana Parking Deck and the structure located at 123 West Main Street within said right-of-way. This limited right is wholly dependent upon the Owner, its successors and assigns, fully and faithfully performing and complying with all the terms, conditions, and covenants contained within this Agreement. The Owner expressly acknowledges and agrees that such limited right is immediately revocable at the option of the City in the event that the Owner, its successor or assign, fails to perform or comply with any term, condition or covenant set forth within this Agreement. Further, it is expressly understood that regardless of the existence or not of any breach, the use by the Owner of the hereinabove described right-of-way shall at all times be subordinate to the City's use of said right-of-way.

D. The purpose of the herein permitted right to occupy such right-of-way shall be limited solely to the purposes described above, which are shown on Exhibit A, and use thereof, and for incidental uses directly related thereto. Upon cessation of such use as determined by the Director of Public Works of the City of Urbana (hereinafter "Director"), this Agreement shall immediately lapse and terminate. Any additional use other than that specifically named, without the further express written consent of the City, shall be construed as a violation of this Agreement.

E. When so instructed by the Director, the Owner will cause the pedestrian bridge structure to be removed, as nearly as possible in conformance with the Director's request, within thirty (30) days after receipt of written notice from the Director. The Owner is solely and entirely responsible for any and all costs directly or indirectly related to such removal and restoration in kind of the right-of-way.

F. In the event of an emergency, defined as imminent peril to person or property, or when the Owner has inadequately complied with an order of the Director pursuant to Paragraph (D) above, or at any other time the Director or other responsible City official in good faith deems



**AGREEMENT FOR USE OF RIGHT-OF-WAY (cont'd.)**  
**Between the City of Urbana and Gabriel Omo-Osagie**  
**[123 West Main Street]**

the procedures of Paragraph (D) impracticable under the circumstances present, the Owner consents and agrees that the City or its duly authorized agent may remove the pedestrian bridge structure, or any portion thereof, and charge all costs and expenses incurred in such removal, disposal, and restoration to the Owner. Should the Owner fail in any way to make timely payment to the City for such costs and expenses, the Owner agrees to pay, in addition to any amount so owed, reasonable attorneys' fees and court costs incurred in the collection of such amount.

G. The Owner agrees to defend the City from and against any claims, suits, or actions for death or injury to persons or damage to property or breach of the contract brought against the City arising from any alleged claims, acts, or omissions in connection with this Agreement, including the maintenance of the pedestrian bridge structure, whether or not suit is filed unless such claim, suit, or cause of action was based solely upon the negligence of the City, its employees, agents, or contractors. Additionally, the Owner shall indemnify the City for any sums the City becomes obligated to pay as damages arising out of such circumstances except to the extent such damages are due to the negligence of the City, its employees, agents, or contractors.

H. The Owner acknowledges that it shall be fully responsible and bear all costs associated with any and all maintenance, inspections, replacement or repair of the pedestrian bridge structure. The Owner agrees to have the pedestrian bridge structure inspected by a qualified bridge inspector at intervals no greater than every two (2) years and provide the City with a copy of said inspection report.

I. This Agreement shall be expressly binding upon both parties, their successors and assigns. This Agreement shall be valid only upon being duly recorded by the Recorder of Deeds for Champaign County.

In witness to their Agreement, the Parties have executed this document this \_\_\_\_\_ day of \_\_\_\_\_, 2005.

**CITY OF URBANA**

**OWNER**

By: \_\_\_\_\_  
Mayor

By: \_\_\_\_\_  
Gabriel Omo-Osagie

ATTEST:

By: \_\_\_\_\_  
City Clerk

**AGREEMENT FOR USE OF RIGHT-OF-WAY (cont'd.)**  
**Between the *City of Urbana* and *Gabriel Omo-Osagie***  
**[123 West Main Street]**

**APPROVED:**

By: \_\_\_\_\_  
Legal Counsel

**Prepared by and please return recorded copy to:**

*Jack Waaler, City Attorney*  
*City of Urbana, Illinois*  
*400 South Vine Street*  
*Urbana, Illinois 61801*

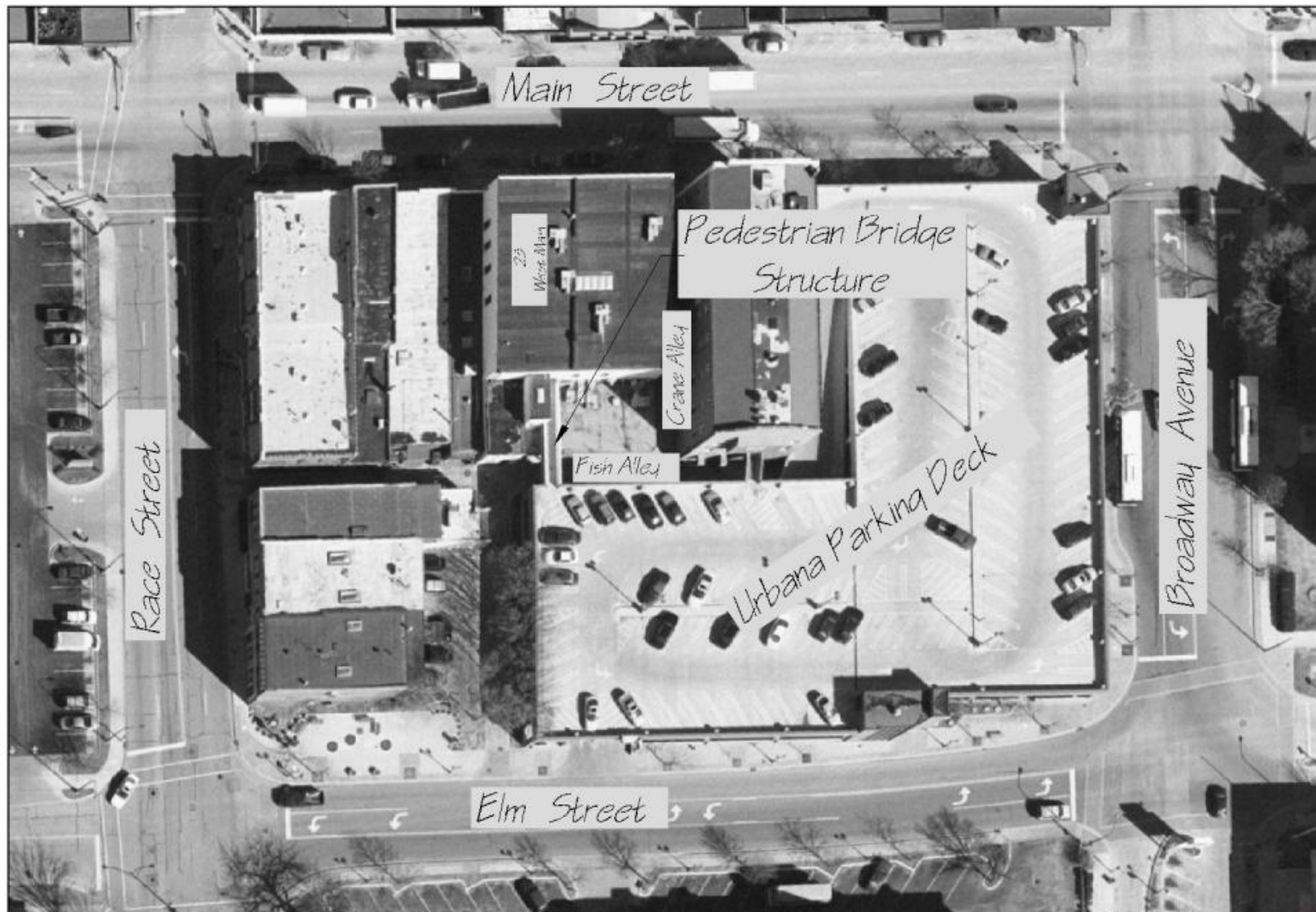


Exhibit "A"  
License Agreement  
123 West Main Street



City of Urbana  
Public Works Department  
Engineering Division  
Date: 8/4/2005 Drawn by: BWF





## DEPARTMENT OF COMMUNITY DEVELOPMENT SERVICES

*Economic Development Division*

# TIF Redevelopment Incentive Program

The TIF (Tax Increment Finance District) Redevelopment Incentive Program provides financial incentives for Urbana businesses located within TIF 1, 2, or 4 which are constructing or rehabilitating their building, landscaping, and/or site. For the Downtown Area, the grant amount would be awarded based upon a point system and priorities established in the downtown strategic plan. For the North Cunningham area, loans would be available only to certain types of businesses that can generate a minimum increase in equalized assessed valuation. Grants in this area would only be available for specific targeted retail uses that fill an unmet need in Urbana (e.g., sale of large appliances).

Following is a summary of the criteria and guidelines of the program:

- An eligible business located within Tax Increment Finance District One, Two, or Four can apply for a loan to rehabilitate its building, landscaping, site or remodel enclosed commercial mall space.
- The loan amount must range from \$5,000 to \$60,000.
- The interest rate is a 0.0% fixed rate, with the City of Urbana paying an interest amount to the participating lending institution.
- The term of the loan is 5 years; with 60 payments.
- At least 50% of the loan proceeds must be used on the exterior of the structure under rehabilitation, except in the case of enclosed mall space renovation.
- In addition to the loan amount, businesses may also be eligible for a grant of up to \$6,000, based upon how many of the grant criteria are met for interior or exterior improvements to the real estate in the Downtown and whether they meet the targeted retail needs identified in the North Cunningham area.
- Retail uses must have 75% of their floor space devoted to sales/display to qualify.
- Qualifying businesses must be new to Urbana or must involve improvement/expansion of existing Urbana businesses.
- Loans cannot be used for working capital, property acquisition, or refinancing of an existing debt.
- Applicants must be the owner of record, mortgagor, contract purchaser, or long-term lessee and must receive approval of their application by the City of Urbana and the participating lending institution.
- The lender establishes all underwriting criterion.
- An applicant cannot receive more than 1 City subsidized loan/grant in a 5-year period.

For the downtown area, the full grant amount of up to \$6,000 will automatically be awarded to those projects that are eligible retail or entertainment uses. In addition, variable points are awarded for fulfillment of criteria including Downtown Strategic Plan compliance, provision of upper story residential uses, site improvements, building re-use, historic preservation, exterior improvements, new construction, and code improvements.

For the North Cunningham area, the loan is eligible to retail, entertainment, and lodging/conference businesses involving new construction, expansion, or renovation. In addition, the business must be able to increase its Equalized Assessed Valuation (EAV) by at least \$50,000 and comply with the goals and objectives outlined in the Cunningham Avenue Corridor Redevelopment Plan. In order to qualify for the additional 10% grant component in TIF 4 (up to \$6,000), the business must provide a targeted retail use as outlined in the criterion.

**For further information, contact:** Kathy Larson, Economic Development Specialist  
City of Urbana Community Development Services 400 S. Vine St. Urbana, IL 61801  
Phone: (217) 384-2319 Fax: (217) 384-0200 Email: [kal Larson@city.urbana.il.us](mailto:kal Larson@city.urbana.il.us)



# TIF REDEVELOPMENT INCENTIVE PROGRAM

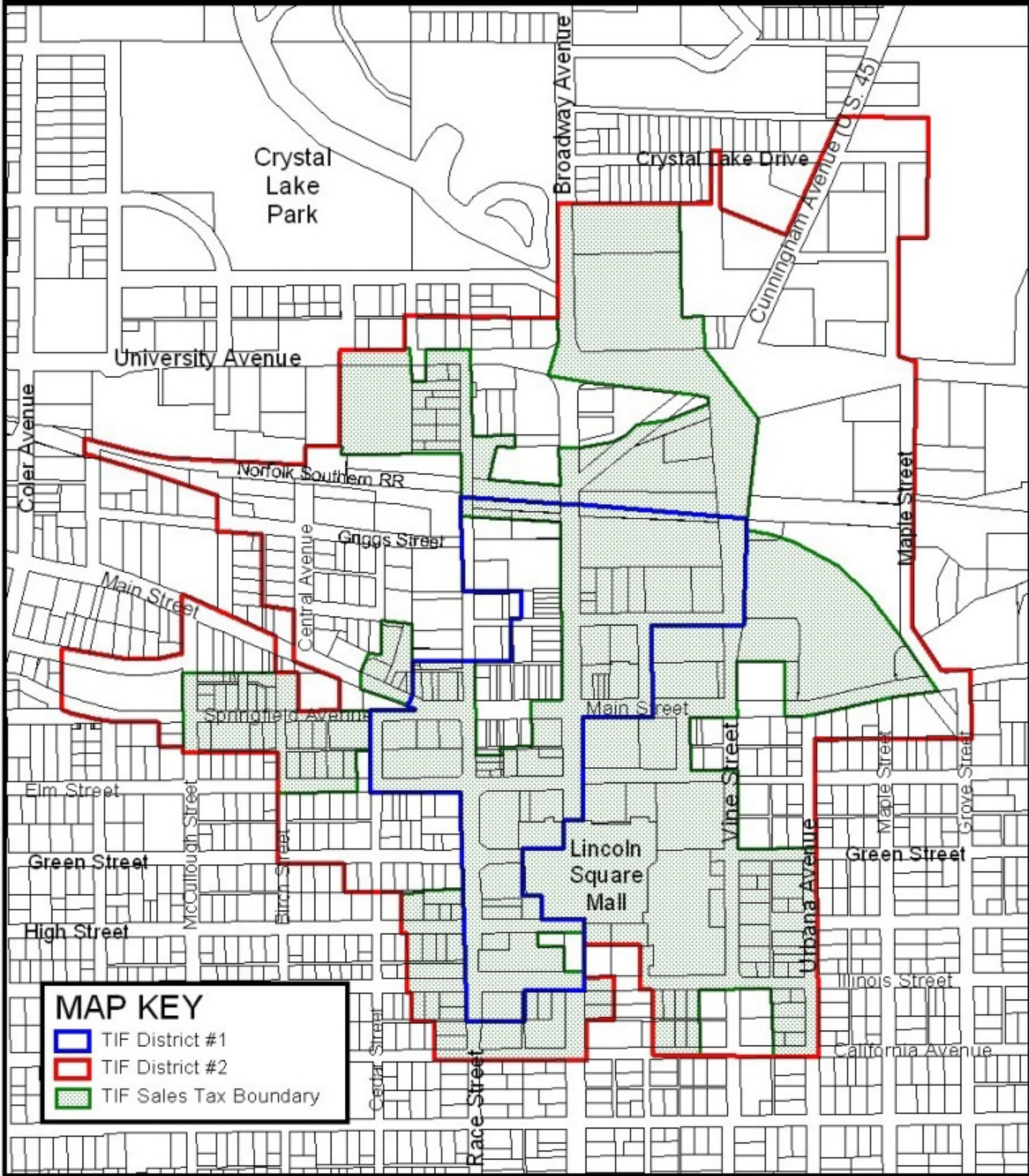
## DOWNTOWN GRANT CRITERIA

Recipients of TIF Redevelopment Incentive Program loans may also be eligible for an additional grant if the project fulfills certain City goals. The grant is up to \$6,000 (maximum 10% of the loan amount), based upon how many of the below criteria are met. Grant money may be used for interior or exterior renovations. Businesses new to Urbana or existing expanding/improving Urbana businesses are eligible to apply for the loan and grant.

<u>Number of Points</u>	<u>Grant % of Loan Amount</u>
2	2%
3	4%
4	6%
5	8%
6	10%

### CRITERION

	<b>Retail/Entertainment Uses</b> – Project involves a business providing 75% floor area for retail use and/or entertainment business as defined in the Zoning Ordinance. <b>(6 pts.)</b>
	<b>Downtown Strategic Plan</b> – Project complies with major objectives specified in the Downtown Strategic Plan, adopted 2002. <b>(2 pts.)</b>
	<b>Upper Story Residential/Multi-Family</b> – Project will create rentable or leasable upper floor residential space (apartments/condos) in downtown buildings. <b>(2 pts.)</b>
	<b>Site Improvements</b> - Project will significantly enhance the aesthetics of the site and/or streetscape, beyond what is required by development codes. <b>(1 pt.)</b>
	<b>Building Re-Use</b> - Project will result in re-use of a vacant or underutilized existing building or a new business to the area. Property must be vacant for 6 months to be considered a re-use. <b>(1 pt.)</b>
	<b>Historic Preservation</b> - Project will rehab or prevent deterioration of a property of historic value. <b>(1 pt., 2 pts. if designated local, state, or national landmark)</b>
	<b>Exterior Improvements</b> - Project includes substantial improvements to the exterior of an existing building that will significantly enhance the appearance of the area. <b>(1 pt.)</b>
	<b>New Construction</b> - Project will involve construction of a new structure (not to include parking) on vacant or underutilized land. <b>(1 pt.)</b>
	<b>Code Improvements</b> - Project will allocate at least 30% of eligible costs to building and life safety code or accessibility improvements. <b>(1 pt.)</b>
	<b>First-Floor Office</b> – Project involves an office business located on the first floor. <b>(negative 4 pts.)</b>



# Tax Incremental Finance Districts 1 & 2

