



DEPARTMENT OF COMMUNITY DEVELOPMENT SERVICES

Economic Development Division

m e m o r a n d u m

TO: Bruce K. Walden, Chief Administrative Officer

FROM: Elizabeth H. Tyler, Community Development Director

DATE: July 6, 2006

**SUBJECT: Addition of Territory to the Urbana Enterprise Zone
2209 North Willow Road**

Introduction

City staff intends to submit an application to the Illinois Department of Commerce and Economic Opportunity (DCEO) to amend the Enterprise Zone boundary to add 2209 North Willow Road. Future commercial redevelopment is intended for the property, and the Enterprise Zone would help to provide incentives to the businesses within the boundary. The application also supports Article II, Section 5 of annexation agreement 2004-07-081, which directs city staff to apply for Enterprise Zone program benefits for the development of 2209 North Willow Road. A map is attached showing the location of the property.

Background

The subject property is owned by Pega Hrnjak and is the location of Creative Thermal Solutions (CTS), a research and development corporation. CTS provides basic and applied research, product development and prototyping, and technical testing in the area of thermal sciences and engineering, with emphasis on environmentally friendly solutions. By partnering with many local, state, and international agencies, CTS supplies technology solutions for many uses, such as vehicle companies, the armed forces, universities, and a variety of other corporations that utilize thermal systems.

CTS plans to construct new office space, facility and warehouse space, parking lot, and invest in additional equipment for their research and development, at 2209 North Willow Road. The current employment level of 6 will increase by 10 to 15. The beginning phase of redevelopment will cost over \$700,000.

By including this property in the Urbana Enterprise Zone, the correlated incentives will help to increase the marketability of available sites and buildings, improve overall image, and aid in the redevelopment of additional nearby properties and development of outlots. In light of other recent commercial development along Willow Road, the area will continue to benefit from ongoing improvements.

The Urbana Enterprise Zone was established in cooperation with the State of Illinois in order to

“strive for a healthy economy, vibrant community, development, growth, continual encouragement, expansion, and investment to directly aid the local community and its residents” (Ordinance No. 8485-38 and 20 ILCS 655). Incentives of the Enterprise Zone include a variety of business tax credits, property tax abatements, and building materials sales tax exemptions to businesses that experience new construction, expansion, or rehabilitation. Within Urbana, over 470 projects have taken advantage of Enterprise Zone incentives since the incorporation of the Zone in 1985.

Not only will the application for Enterprise Zone incentives help to fulfill the annexation agreement guidelines; adherence to the goals in the Urbana Comprehensive Plan will also be achieved. For example, Policy 6.311 states to “identify potential financial and developmental incentives that the City Council is willing to offer developers to promote commercial and industrial development.” Also, Policy 6.712 states to “make available financial incentives to encourage local commercial and industrial expansion.”

A public hearing to review this proposal was conducted on Wednesday, July 5, 2006 at 2:00 p.m. in the Urbana Civic Center, and the meeting transcription is attached.

Economic Impact

Continued commercial development along Willow Road and North Cunningham will allow the area to increase its provision of active commercial and service related uses to the community and region. Business profitability and the area’s image improvement will also be enhanced. The abated property taxes on improvements will be far exceeded by improved EAV and economic vitality in the area.

Staff Recommendation

Staff recommends the Council approve the attached ordinance to add territory to the Urbana Enterprise Zone at its regular meeting scheduled for Monday, July 17, 2006. If the ordinance is approved, staff will complete the application to amend the Enterprise Zone for signature of the Mayor and will forward it to the Illinois Department of Commerce and Economic Opportunity for certification.

Attachments:

- Draft Ordinance
- Location Map
- Hearing Notice
- Hearing Transcription
- Letters of Support (2)

Prepared by: _____
Kathy A. Larson

Economic Development Specialist, Market Director

- c. Council Packets
Staff

ORDINANCE NO. 2006-07-086

AN ORDINANCE APPROVING THE ADDITION OF TERRITORY
TO THE URBANA ENTERPRISE ZONE

(2209 North Willow Road)

WHEREAS, on December 3, 1984 the City Council of the City of Urbana, Champaign County, Illinois (the "City") duly passed Ordinance No. 8485-38 entitled, "An Ordinance Designating An Area As An Enterprise Zone", which such ordinance was duly approved by the Mayor on December 10, 1984 (the "Ordinance"); and

WHEREAS, in connection with a review of the Ordinance and the written application made in connection therewith to the Department of Commerce and Community Affairs (the "Department", now entitled the Department of Commerce and Economic Opportunity) in accordance with the Illinois Enterprise Zone Act (the "Act"), the City Council, on March 18, 1985, duly passed Ordinance No. 8485-65 entitled, "An Ordinance Amending Ordinance No. 8485-38 entitled, 'An Ordinance Designating An Area As An Enterprise Zone'", which such ordinance was duly approved by the Mayor on March 25, 1985 (the "First Amending Ordinance"); and

WHEREAS, approval of the Enterprise Zone, as designated by the Ordinance and the First Amending Ordinance, was made by the Department by certification of the Ordinance and the First Amending Ordinance effective July 1, 1985; and

WHEREAS, the City Council of the City of Urbana, from time to time, has amended said Ordinance and the Department has so approved by certification of the Amending Ordinance; and

WHEREAS, the City Council now finds it necessary and desirable to further amend the terms of the Ordinance as amended, pursuant to Section 5.4 of the Act; and

WHEREAS, on Tuesday, June 27, 2006 the City duly caused public notice to be published in The News-Gazette, a newspaper of general circulation within the certified Enterprise Zone, as amended, and Champaign County, Illinois, of a public hearing to be held within the certified Enterprise Zone, as amended, on the question of whether to alter the boundaries of the certified Enterprise Zone, as amended, by adding certain parcels thereto. Such public notice was published not more than twenty (20) days nor less than five (5) days before the public hearing scheduled for Wednesday, July 5, 2006 at 2:00 p.m.; and

WHEREAS, on Wednesday, July 5, 2006 the City duly conducted a public hearing at 2:00 p.m. at the Urbana Civic Center, 108 E. Water Street, Urbana, Illinois, a location within the certified Enterprise Zone, as amended, at which such public hearing information was presented and public comment was elicited on the questions as specified in the notice as published

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

Section 1: That Section 2 of the Ordinance, as amended, entitled "Designation and Description of Zone Area", be and the same is hereby further amended to alter the boundaries of the Zone area by adding to such Zone area, as amended, the tract of real estate more particularly described in Exhibit A attached hereto and hereby incorporated by reference, such additional tract being contiguous to the certified Enterprise Zone as amended.

Section 2: This Amending Ordinance shall not become effective unless and until the proposed amendments contained herein are approved by the Department of Commerce and Economic Opportunity, and the Department issues an amended certificate for the Enterprise Zone established by the Ordinance, as amended, pursuant to the Act, in which

such event this Amending Ordinance shall become effective on the first day of the calendar month following the date in which the amended certificate, together with the Ordinance as heretofore and hereby amended, shall be filed, recorded and transmitted as provided in Section 5.3 of the Act.

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

PASSED by the City Council this _____ day of _____, _____.

AYES:

NAYS:

ABSTAINS:

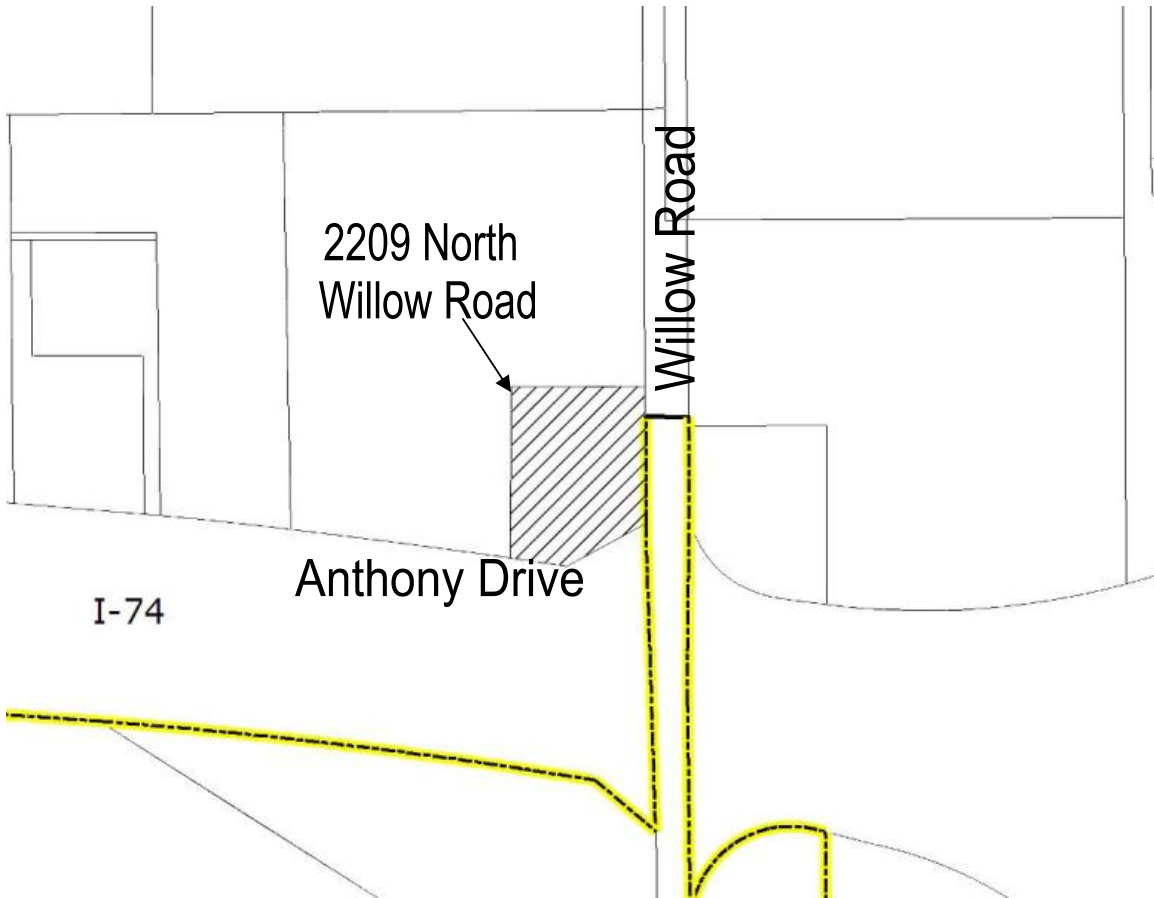
Phyllis D. Clark, City Clerk

APPROVED by the Mayor this _____ day of _____, _____.

Laurel Lunt Prussing, Mayor

"EXHIBIT A"

Beginning at a point on the East line of the Southeast Quarter of the Northeast Quarter of Section 5, Township 19 North, Range 9 East of the Third Principal Meridian lying 876.54 feet South 0°40'23" East (assumed bearing) of the Northeast corner of the Southeast Quarter of the Northeast Quarter of said Section 5, also being the Southeast corner of Country Club Heights First Subdivision; thence continuing South 0°42'23" East 204.30 feet on said East line; thence North 84°24'02" West 30.75 feet to a concrete right-of-way marker; thence South 56°25'09" West 103.14 feet to a concrete right-of-way marker; thence around a curve to the left having a long chord, with a course and length of North 83°19'13" West 102.48 feet, and having a radius of 12004.30 feet for a length of 102.48 feet to an iron pin monument; thence North 0°33'25" West 237.64 feet to an iron pipe monument found in place; thence North 87°41'36" East 218.40 feet to the point of beginning, in Champaign County, Illinois.



Legal Notice

NOTICE OF PUBLIC HEARING

PUBLIC NOTICE IS HEREBY GIVEN THAT the City of Urbana will conduct a public hearing on Wednesday, July 5, 2006 at 2:00 p.m. in the Urbana Civic Center, 108 E. Water Street, Urbana, Illinois, on the question of whether to alter the boundaries of the certified Urbana Enterprise Zone as originally designated by Ordinance No. 8485-38, and as subsequently amended from time to time, by adding certain other territory thereto.

The parcel proposed to be added to the certified Enterprise Zone is 2209 North Willow Road, which is contiguous to the Enterprise Zone. The tract totals approximately 1.00 acre, and is located on the northwest corner of Anthony Drive and Willow Road, being more particularly described as follows:

Beginning at a point on the East line of the Southeast Quarter of the Northeast Quarter of Section 5, Township 19 North, Range 9 East of the Third Principal Meridian lying 876.54 feet South 0°40'23" East (assumed bearing) of the Northeast corner of the Southeast Quarter of the Northeast Quarter of said Section 5, also being the Southeast corner of Country Club Heights First Subdivision; thence continuing South 0°42'23" East 204.30 feet on said East line; thence North 84°24'02" West 30.75 feet to a concrete right-of-way marker; thence South 56°25'09" West 103.14 feet to a concrete right-of-way marker; thence around a curve to the left having a long chord, with a course and length of North 83°19'13" West 102.48 feet, and having a radius of 12004.30 feet for a length of 102.48 feet to an iron pin monument; thence North 0°33'25" West 237.64 feet to an iron pipe monument found in place; thence North 87°41'36" East 218.40 feet to the point of beginning, in Champaign County, Illinois.

This proposed amendment to the Enterprise Zone boundary has been initiated by the City of Urbana in connection with potential commercial redevelopment of this area.

All interested citizens are invited to attend and to express their opinions, especially those persons owning property or residing in the certified Enterprise Zone and those parcels proposed to be added thereto. Persons unable to attend the hearing and wishing to comment may send written comments to:

Kathy A. Larson
Economic Development Specialist
Community Development Services Department
City of Urbana
400 S. Vine Street
Urbana, IL 61801
Ph 384-2319

Persons with disabilities needing services or accommodations for this hearing should contact the Community Development Services Department at 384-2444 or the City of Urbana's Americans with Disabilities Act Coordinator at 384-2466 or TDY at 384-2447.

URBANA ENTERPRISE ZONE PUBLIC HEARING:
ADDITION OF TERRITORY AT 2209 NORTH WILLOW ROAD
Urbana Civic Center
Wednesday, July 5, 2006
2:00 p.m.

Attendees:

Kathy Larson, Enterprise Zone Administrator
Tom Carrino, Economic Development Manager
Tony Weck, Secretary

Larson: As Enterprise Zone Administrator for the City of Urbana, I would like to open this public hearing to consider an expansion to our Enterprise Zone to include 2209 North Willow Road. Upcoming commercial redevelopment is intended for the property and the Enterprise Zone would help to provide incentives to business.

Is there anyone here that would like to speak at this public hearing?

(There was no public input)

This will be an extremely positive project for Urbana and I strongly encourage the State to recognize this in its expansion to our Enterprise Zone. With that, this public hearing is closed. Thank you.

Meeting transcribed by Tony Weck, 7/6/06.

Kathy A. Larson
Economic Development Specialist
Market at the Square Director
City of Urbana
Community Development Services
400 S. Vine St.
Urbana, IL 61801

Re: Enterprise zone status to property on 2209 Willow Rd. in Urbana (Creative Thermal Solutions – Pega Hrnjak)

Dear Ms. Larson:

I am writing in support of Creative Thermal Solutions request for Enterprise zone status at 2209 Willow Rd in Urbana, Illinois. My support is based on my knowledge of the value that Creative Thermal Solutions (CTS) offers to Urbana. CTS is a young company that is the type we should foster and encourage to grow in our community. Their employees are highly educated and highly skilled, and they are poised to grow significantly in the near future.

CTS is a corporation that brings new money and opportunity into our community. CTS is internationally renown as a leading research and development corporation in a number of refrigeration and air conditioning fields. Visitors from around the world visit CTS annually. This is the type of interaction that favorably uses the synergism between the University of Illinois and its faculty's entrepreneurial skills.

I am part of a small technology company that interacts with CTS and know directly the importance of having other startup companies for sharing of resources and skills. Our company, Newell Instruments, Inc., was located in the UI Technology Commercialization Lab for two years, and "graduated" a year ago. CTS and Newell Instruments collaborate in a manner that mutually benefits our companies. For example, Newell Instruments develops specialized sensors for refrigeration systems that CTS is able to test in their facilities. Our sensors provide CTS with capabilities that are otherwise unavailable while providing us valuable feedback on our sensor performance and reliability.

I am also a longtime Urbana resident, and I have seen far too many businesses move from our community over the years. It is sad to lose colleagues who are lured away by other communities because of the incentives that make business conditions favorable. These companies are highly mobile and able to go where they feel wanted. Please feel free to contact me for any questions on this important issue.

Sincerely,

Ty A. Newell, Ph.D., P.E.
704 W. Michigan Ave; Urbana

UNIVERSITY OF ILLINOIS
AT URBANA-CHAMPAIGN

Department of Mechanical and Industrial Engineering

Prof. A. M. Jacobi
Richard W. Kritzer Distinguished Professor
140 Mechanical Engineering Building, MC-244
1206 West Green Street
Urbana, IL 61801



Kathy A. Larson
Economic Development Specialist
City of Urbana, Community Development Services
400 S. Vine St.
Urbana, IL 61801

19 June 2006

via email: KALarson@city.urbana.il.us

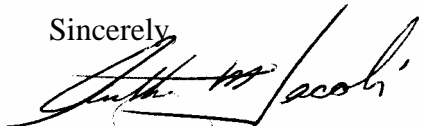
Dear Ms. Larson:

I am writing in my capacity as co-director of the Air Conditioning and Refrigeration Center (ACRC) at the University of Illinois, in support the CTS request to be included in an Enterprise Zone.

The ACRC at the University of Illinois conducts research directed at improving the efficiency of systems that provide human comfort, food preservation, and other wide-ranging systems that involve cooling and heating. These applications account for approximately 30% of the end-use energy consumed in the USA, and thus research conducted at the ACRC can have a direct impact on energy efficiency within and beyond the state of Illinois.

CTS has a close relationship with the ACRC and is a valuable contributor to our activities. CTS conducts important research related to efficient and environmentally benign thermal systems. Moreover, CTS conducts work that augments and compliments research underway at the university. Often, companies working with CTS sponsor research at the university. CTS plays a valuable role in developing and maintaining industrial sponsorship of the university research program. I wholeheartedly support the CTS request to be in an Enterprise Zone. In doing so, the City of Urbana will not only support the growth of high-technology businesses in the local community, but support the broader impact on energy and environment that derive from the research program at CTS.

Sincerely,



Anthony M. Jacobi
Professor of Mechanical Engineering &
Co-Director, ACRC