



DEPARTMENT OF COMMUNITY DEVELOPMENT SERVICES

Administrative Division

m e m o r a n d u m

TO: Bruce K. Walden, Chief Administrative Officer

FROM: Elizabeth H. Tyler, AICP, Director

DATE: April 3, 2003

SUBJECT: East Campus Commercial Project Agreements

Description

City Council is asked to consider two agreements necessary for the development of Phase One of the East Campus Commercial Project proposed along Gregory Place south of Oregon Street:

1. An Agreement between the City of Urbana and the Board of Trustees of the University of Illinois pertaining to vacation of right-of-way and relocation of certain parking meters.
2. An Agreement between the City of Urbana and Gregory Place Partners, L.L.C. regarding development of a four-story mixed use building consisting of no less than 21,000 square feet of commercial space and no fewer than 96 residential units, payment in lieu of taxes, and retail tenant incentives.

In a related action, City Council will be asked to approve a rezoning of the subject site from R-5, Medium High Density Multiple Family Residential to the newly created CCD, Campus Commercial District (CCD). In Plan Case 1808-M-01, the Plan Commission unanimously recommended approval of the rezoning. Action at the Council was postponed pending resolution of the above-mentioned development agreements. Plan Case 1808-M-01 will be presented for Council action at its regular meeting on April 7, 2003.

If the proposed Development Agreements and Rezoning to CCD are approved, the Urbana Plan Commission will consider a Special Use Permit request for the project. Special Use Permit approval is necessary for all non-University related development in the CCD zone. A public hearing before the Plan Commission has been set for April 10, 2003. Plan Commission would then recommend action on the Special Use Permit to City Council at the next possible meeting.

Background

Development of the East Campus Commercial Project has taken several years to come to fruition. The concept of developing replacement commercial space in the East Campus area was requested of the University by the City over 10 years ago when University construction along Goodwin Avenue resulted in the loss of neighborhood commercial uses. Approximately two years ago, the University purchased the subject site with the intent of pursuing a privately developed mixed-use project. In order to facilitate mixed-use development in the area that was sensitive to both University and community concerns, the Campus Commercial District (CCD) zoning district was established in January 2002.

In November 2001, the University issued a Request for Proposals to seek private developers who would be interested in developing a high-quality mixed-use development on the University-owned property along Gregory Place. JSM Development (now represented by the entity of Gregory Place Partners, L.L.C.) was the successful respondent to the request. Gregory Place Partners, L.L.C. proposes a two-phase project with 21,000 square feet of first floor commercial space, three upper stories of one- and two-bedroom apartments for a total of 96 units, and 59 underground parking spaces in the first phase. If Phase One of the project is successful, the developer may pursue a second phase on the east side of Gregory Place. Attached to this memorandum are copies of recently submitted elevations and a site plan for the proposed development.

Rezoning of the subject site to the CCD District was recommended for approval by the Plan Commission on January 10, 2002 and has been pending action by City Council to allow for resolution of issues related to taxation of the proposed development. Because the development would occur on a tax-exempt University-owned lot, its real estate taxes would be based upon the value of the leasehold, rather than upon the land and improvements. It is important to the City that the development provide property taxes at a level that is equivalent to what would occur if the project were located on privately-owned property. Over the past several months, City staff have been working closely with the developer and the University to derive a formula that would provide for Payment in Lieu of Taxes (PILOT) above and beyond the taxes on the leasehold. The enclosed agreement with the developer incorporates such a calculation that staff believes is accurate and fair.

The statutes governing real estate taxation provide that if the leased parcel exceeds one acre in size, the tax is then based upon the value of the land and improvements rather than the value of the leasehold. Therefore, at such time as Phase Two is developed and the site exceeds one acre in size, then assessment will reflect the value of the land and improvements and application of the PILOT will no longer be necessary. The agreement with the developer also includes reservation of a class "A" liquor license for a restaurant establishment and loan/grant incentives for specific retail uses that will be beneficial to the area. These incentives are similar to those that are available in our TIF Districts.

The proposed agreement with the University affirms the City's previous commitment to vacate Gregory Place to the University (pursuant to Ordinance No. 2001-08-083), reservation of specific

utility easements within the right-of-way, removal of parking meters located at Lot 40 in the western portion of the site, and relocation of 18 City meters to University of Illinois Lot F9 located on Lincoln Avenue south of Nevada Street.

Options

The City Council may approve or disapprove the attached Ordinances approving and authorizing execution of the agreements:

1. An Ordinance Approving and Authorizing the Execution of an Agreement Concerning the East Campus Commercial Center
2. An Ordinance Approving and Authorizing the Execution of a Development Agreement Between the City of Urbana and Gregory Place, L.L.C.

Fiscal Impacts

Approval of the proposed agreements will result in positive fiscal impacts upon the City. Currently, the property is tax exempt and provides no financial benefit to the City. Under the proposed development agreements, the City will be provided Payment in Lieu of Taxes that will result in a significant positive fiscal benefit. In addition, proposed retail space will result in the generation of sales tax revenues. Private investment in the East Campus area will help to revitalize this area of the City and result in positive effects in terms of overall economic development. Finally, any loss due to parking meter revenue from Lot 40 on Oregon Street will be compensated by a like number of relocated meters to be designated in a nearby University-owned parking lot off of Lincoln Avenue.

Recommendation

Staff recommends approval of both agreements.

Attachments:

1. Site Location
2. Submitted site plan and elevations for project
3. University Agreement and Approving Ordinance
4. Developer Agreement and Approving Ordinance

Cc: Scott Kunkel, JSM
April Getchius, University of Illinois

ORDINANCE NO. 2003-04-034

AN ORDINANCE APPROVING AND AUTHORIZING THE EXECUTION OF AN AGREEMENT
CONCERNING THE EAST CAMPUS COMMERCIAL CENTER

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

Section 1. That an Agreement Concerning the East Campus Commercial
Center between the City of Urbana, Illinois and The Board of Trustees of the
University of Illinois, 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 _____,
_____.

AYES:

NAYS:

ABSTAINS:

Phyllis D. Clark, City Clerk

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

Tod Satterthwaite, Mayor

AN AGREEMENT CONCERNING THE EAST CAMPUS COMMERCIAL CENTER

This Agreement, made and entered into this ____ day of _____, 2003, by and between the CITY OF URBANA, ILLINOIS, a municipal corporation, by and through its Mayor and the members of its City Council, being its corporate authorities, hereinafter referred to as “City” and THE BOARD OF TRUSTEES OF THE UNIVERSITY OF ILLINOIS, hereinafter referred to as “University”;

WITNESSETH:

WHEREAS, the University of Illinois has selected a private developer to construct a mixed-use development on Gregory Place between Oregon Street and Nevada Street (hereinafter referred to as the “Project”); and

WHEREAS, the Project is intended to provide services lost in the East Campus Area and to provide tax revenues to the City of Urbana; and

WHEREAS, the City of Urbana is supportive of the Project and finds it is in the City’s best interest to vacate Gregory Place to the University, at no cost to the University, per the terms of a previous agreement with the University entitled “An Agreement Concerning The Vacation Of Certain Rights-Of-Way” approved by Ordinance No. 2001-08-083 (hereinafter referred to as the Previous Agreement); and

WHEREAS, the Project site includes University land upon which City of Urbana parking meters are located, said lot known as the City of Urbana’s Lot 40.

NOW, THEREFORE, in consideration of all of the foregoing and the benefits which may accrue to both the City and the University by virtue of such vacation, the parties agree as follows:

Section 1. Definitions. As used in this Agreement, the following words shall have the meanings ascribed to them in this Section:

“Agreement” means this Agreement concerning the East Campus Commercial Center.

“Rights-of-way” shall mean the City of Urbana street described in Exhibit A.

“Lot 40” refers to a parking lot presently owned by the University on Oregon Avenue, but in which lot the City of Urbana has perpetual rights to maintain certain parking meters under an agreement dated March 15, 1999, approved by the Urbana City Council in Ordinance No. 9899-27.

“Gregory Place” shall mean the public right of way between Oregon Street and Nevada Street, which is to be considered for vacation herein.

Section 2. Right-of-Way. For the reasons given above, the City of Urbana agrees to consider the vacation of the street right-of-way described in Exhibit A as soon as practicable after the requisite public hearing thereon:

Section 3. Compensation. The City of Urbana agrees that there shall be no cost to the University for the vacation of this right-of-way per the terms of the Previous Agreement.

Section 4. Easements. The vacation of rights-of-way listed herein shall be subject to specific utility easements outlined in Exhibit B.

Section 5. Parking Meters. The parties acknowledge that the East Campus Commercial Development will incorporate Lot 40 and remove parking spaces currently metered by the City of Urbana per the Intergovernmental Agreement dated March 15, 1999. In exchange for removal of these meters, the University and the City of Urbana agree said meters will be relocated to 18 meters located in University of Illinois Lot F9 located on Lincoln Avenue, south of Nevada, as shown on Exhibit C.

Section 6. Salvage. The parties acknowledge that long range plans for the Project call for the conversion of the vacated Gregory Place right of way into a pedestrian mall, likely upon future commercial development to the east. When that conversion occurs, the University agrees to allow the City opportunity to remove City of Urbana meters and other appurtenances. The University agrees to provide written notification to City of its intent to convert the vacated Gregory Place to a pedestrian mall, close the right of way and incorporate it into the Project. Within forty-five (45) days of such written notification, the City shall remove all City owned parking meters in the subject area, weather permitting. Further, within said forty-five days, the City shall have the right to enter upon the former right-of-way for the purposes of salvaging any and all materials and personal property including but not limited to, light standards, parking meters, paving stones and bricks, sewer castings, traffic signs, and the like.

Section 7. The University shall require the Developer to pay directly to Champaign County, or any other applicable governmental authority, when due, all real property taxes, personal property taxes, if applicable, and other special taxes and assessments of every kind and nature whatsoever, including, without limitation to existing or future special area assessments charged against the Developer’s Tract(s), and Improvements.

Section 8. Notices. Any notices required or permitted hereunder shall be in writing and shall be delivered via certified mail, addressed to the parties as follows, unless otherwise indicated in the future.

If to the City of Urbana:

Chief Administrative Officer
City of Urbana
400 S. Vine Street
Urbana, Illinois 61801

City Attorney
City of Urbana
400 S. Vine Street
Urbana, Illinois 61801

If to the University of Illinois:

Board of Trustees
The University of Illinois
354 Henry Administration Building
506 South Wright Street
Urbana, Illinois 61801

Campus Planner and Assistant Director
The Planning, Construction & Maintenance
1501 S. Oak Street

IN WITNESS WHEREOF, the City of Urbana and University have caused this Agreement to be executed in their respective capacities effective as of the day and year first above written.

THE BOARD OF TRUSTEES OF THE
UNIVERSITY OF ILLINOIS

CITY OF URBANA

By: _____
Stephen K. Rugg, Vice-President
and Comptroller

By: _____
Mayor Tod Satterthwaite

Attest:

Attest:

Michele M. Thompson, Secretary

Phyllis Clark, City Clerk

Approved:

Legal Counsel

Approved:

Nancy E. Cantor, Chancellor

A portion of the Gregory Place Right-of-Way, in the Northeast Quarter of Section 18, Township 19 North, Range 9 East of the Third Principal Meridian, Champaign County, Illinois, more particularly described as follows:

All that part of the Gregory Place Right-of-Way, lying between the northerly Right-of-Way line of Nevada Street and the southerly Right-of-Way line of Oregon Street, as shown on the plat of University Addition to Urbana, Illinois, as recorded in Plat Book "B", at page 19A and Forestry-Heights Addition to Urbana, Illinois (Lot 37), as recorded in Plat Book "B" at page 192, all in the Office of the Recorder of Deeds, Champaign County, Illinois. Said Right-of-Way being sixty feet (60') in width.

Said tract containing 0.43 acre (18,780 square feet), more or less, all situated in the City of Urbana, Champaign County, Illinois.

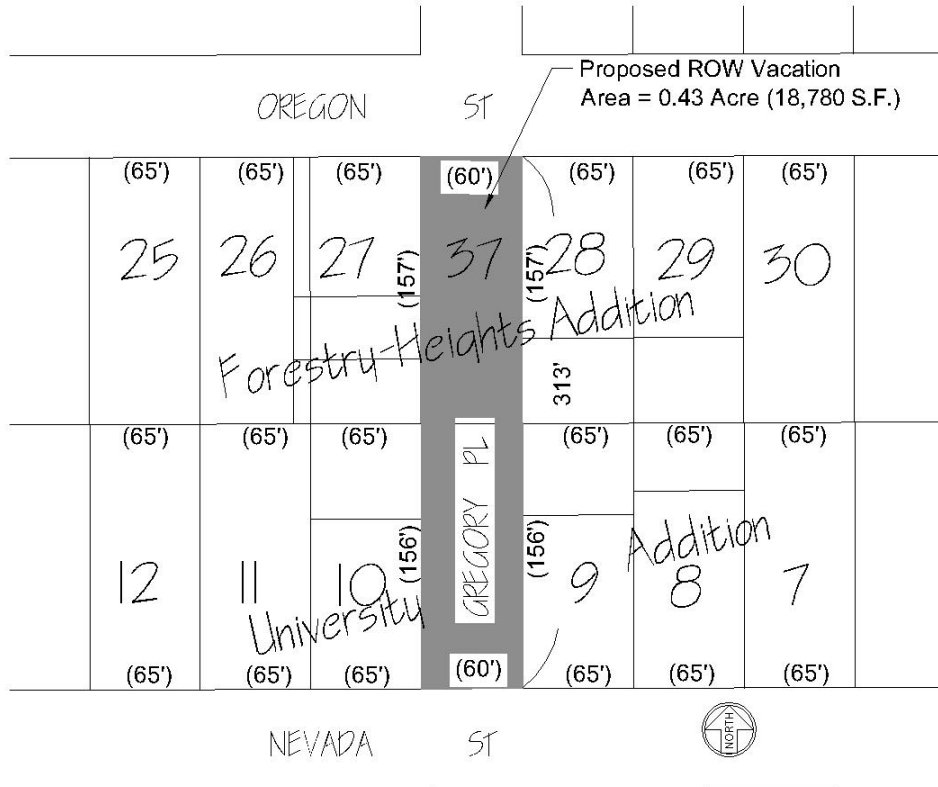


Exhibit "A"

PLAT MAP SHOWING PUBLIC
RIGHT-OF-WAY VACATED
BY ORDINANCE NO. 2003-XXX
CITY OF URBANA, ILLINOIS
DATE: April XX, 2003

City of Urbana
Public Works Dept.
Engineering Division



Drawn by: BWF

Date: 01/07/03

Rev: 04/02/03

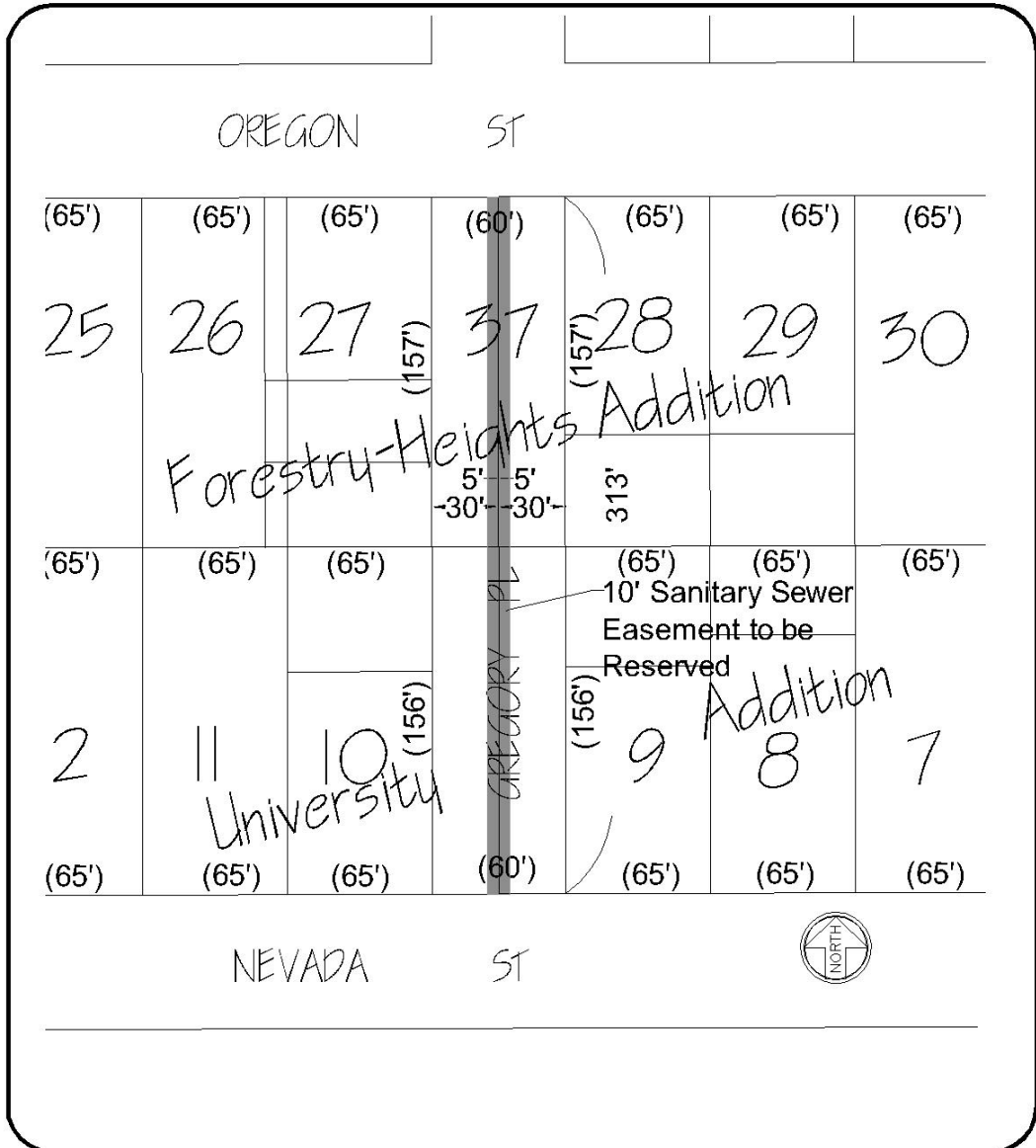


Exhibit "B"
 SKETCH SHOWING SANITARY SEWER
 EASEMENT TO BE RESERVED
 FROM GREGORY PLACE VACATION
 CITY OF URBANA, ILLINOIS
 DATE: April XX, 2003

City of Urbana
 Public Works Dept.
 Engineering Division

Drawn by: BWF Date: 01/07/03






Exhibit "C"

Sketch showing proposed metered spaces in University Parking Lot F9

City of Urbana
Public Works Dept.
Engineering Division

Drawn by: PLC

Date: 01/07/03
Rev: 04/02/03

