



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, AICP, Director

DATE: December 8, 2005

SUBJECT: Development Agreement between City of Urbana and Omnicare Labs of Champaign, Inc.

Description

The purpose of this memorandum is to seek approval to enter into a development agreement with Omnicare Labs of Champaign, Inc., a maker and retailer of orthotic and prosthetic devices, in consideration of Omnicare's desire to relocate and meet their space requirements with the construction of a new \$300,000, 2,000 square foot addition for lab and retail space and a remodel of the former Michelle's Bridal building located at the intersection of Vine and Illinois Streets (Exhibit E), commonly known as 502 S. Vine Street. If approved, the agreement would require of the City to close a curb on Illinois Street and to reimburse through TIF 50% of the increased increment generated by the project, pursuant to the developer's satisfactory completion of goals in the timelines laid out in the agreement. This project would represent a total investment of over \$600,000 in the property.

Issues

The property proposed for development (Exhibit B) falls within the boundaries of Tax Increment Finance District 2 (Exhibit C). The Downtown Tax Increment Finance District No. 2 Plan Amendment (the Plan) was approved as of March 21, 2005. The TIF allows for the City of Urbana to apply TIF funds for public infrastructure and other eligible improvements within the Redevelopment Project Area.

Existing building rehabilitation is specifically identified as a goal and is budgeted for in the Plan. The leveraging of private funds to develop and improve properties in the Downtown area is in line with the goals of the Downtown Strategic Plan. It is also a goal to increase the amount of retail business space in the City of Urbana and to increase the property tax base within TIF 2. Though

Omnicare is considered mainly to be an office use, some of the proposed space will be used for retail sales. Because of the proximity to Health Alliance, Carle, and other medical related businesses, the use of the site for a medical related business fits within an existing niche in the Downtown. In light of these facts, it is in the City's best interest provide certain financial incentives in order to allow this project to occur. Omnicare Labs has already acquired the property at 502 S. Vine, and would like to complete construction on their new facility by Summer 2006.

Background

In Fall 2004, owners of Omnicare Labs approached City staff stating their desire to relocate to Urbana in order to be closer to their client base and to expand their amount of laboratory and retail space. City staff suggested several sites, and gave them a tour of the various sites, including some in the downtown area. In Summer 2005, Omnicare's owners purchased the property at 502 S. Vine from the owners of Michelle's Bridal. In order to make the project feasible, Omnicare's owners requested certain incentives from the City in return for their investment in the new site.

The project site is currently zoned B-4, Central Business. Staff reviewed a proposed site plan and determined that the project and site plan are in conformance with the zoning regulations.

Upon review of the proposal, it was determined that a TIF benefit based on 50% of increase in the increment above the current value of the property would satisfy their needs. As one of the access drives to the site would no longer be utilized upon the expansion of the existing building, it was also determined that the City would pay for the curb closure of the access on Illinois Street within a reasonable time frame as stated in the Agreement.

To receive the above outlined benefits from the City, Omnicare commits to acquire a building permit from the City and to substantially complete construction of no less than 1,900 square feet of additional structure to the existing building and to make other improvements to the property in substantially the form depicted in Exhibit E at an estimated construction cost of not less than \$300,000 dollars by June 1, 2006.

Fiscal Impact

The estimated total property tax benefit for the project is \$60,000 over ten years, representing \$6,000 annually to be paid from the TIF 2 fund based on a \$12,000 increase in property tax increment, assuming compliance with the deadlines and procedures outlined in the Development Agreement. The estimated cost for the curb closure is \$5,000. In return for these incentives, the City would receive positive future benefits in the form of increased EAV, increased tax increment for TIF 2 and potential sales tax revenue generated by the project.

Recommendations

Staff requests City Council approval of the development agreement between the City of Urbana and Omnicare Labs of Champaign, Inc., as generally described herein, through approval of the proposed development agreement.

Attachments: A: Ordinance
 B: Subject Property Map
 C: TIF District 2 Map
 D: Draft Development Agreement
 E: Conceptual Site Plan

Prepared by:

Ryan Brault, Redevelopment Specialist

ORDINANCE NO. 2005-12-178

AN ORDINANCE APPROVING A DEVELOPMENT AGREEMENT WITH OMNICARE LABS, INC.(502 S. VINE STREET)

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

Section 1. That a Development Agreement authorizing allocation of funds for the expansion and remodel of property located at the southeast corner of the intersection of Vine and Illinois Streets, between the City of Urbana and Omnicare Labs, Inc., 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 _____,
_____.

Laurel Lunt Prussing, Mayor

Exhibit B



Omnicare Labs Property Location
502 S. Vine Street



Legend



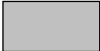
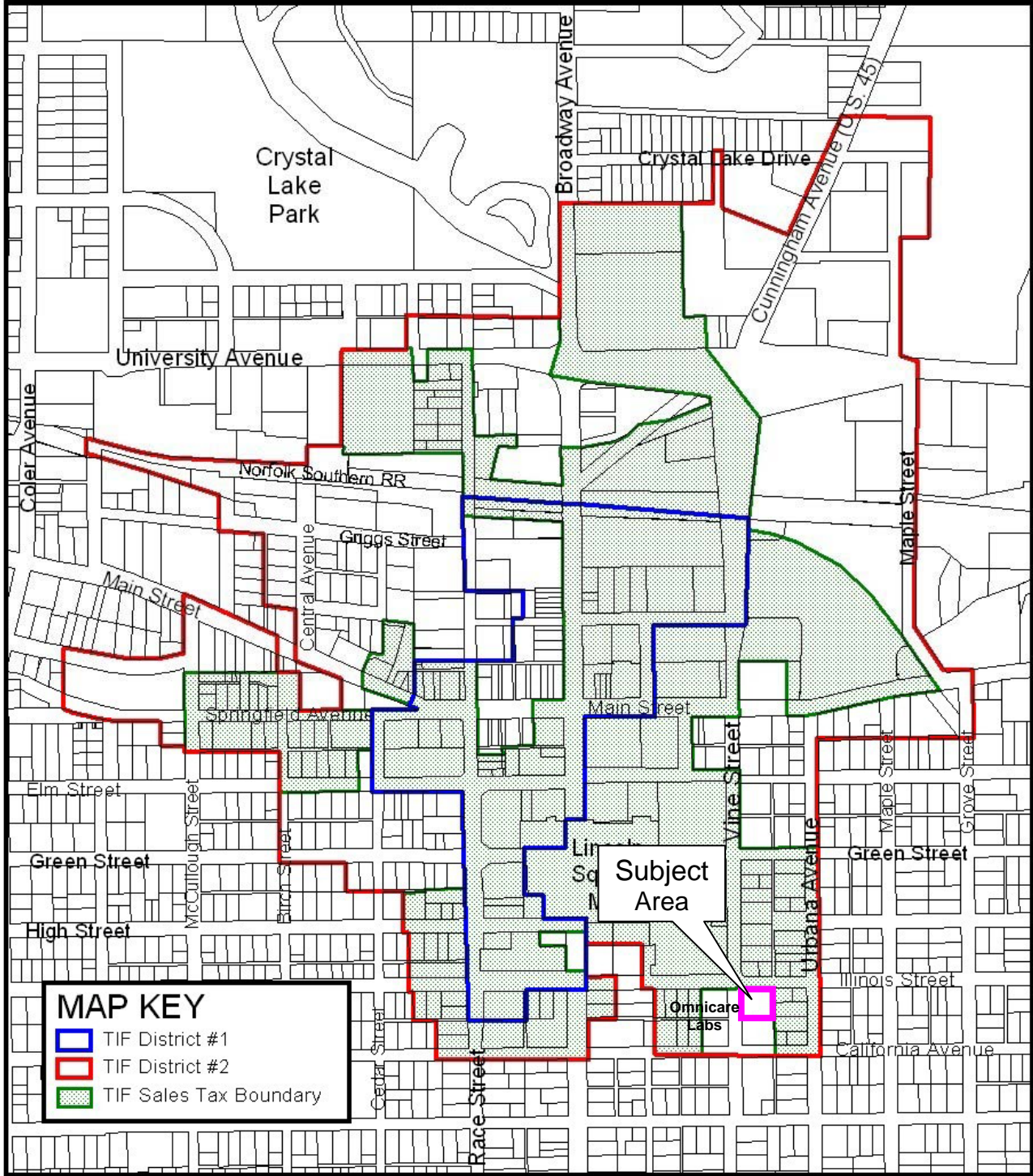
-  Tax Parcel
-  Subject Area
-  Proposed Expansion



Exhibit C



Tax Increment Finance Districts 1 & 2

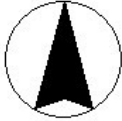
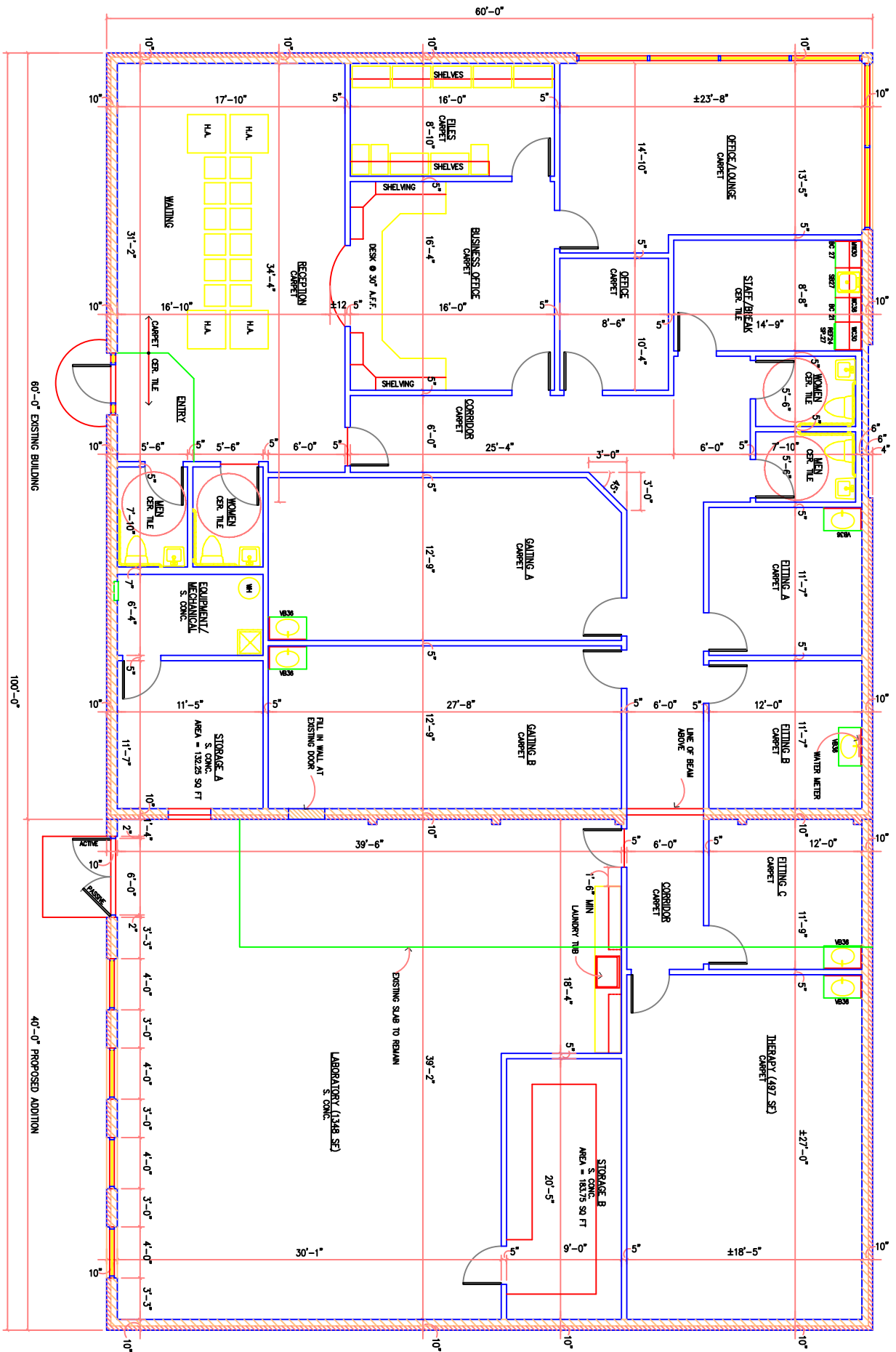


Exhibit D

Development Agreement

To be e-mailed upon receipt of final version.



60'-0" EXISTING BUILDING

100'-0"

40'-0" PROPOSED ADDITION

LABORATORY (1,348 SF)
S. CONC.

STORAGE B
S. CONC.
AREA = 163.75 SQ FT
20'-5"

THERAPY (492 SF)
CARPET

EXISTING SLAB TO REMAIN

LAUNDRY TR. B

LINE OF BEAM ABOVE

EQUIPMENT/
MECHANICAL
S. CONC.

STORAGE A
S. CONC.
AREA = 132.25 SQ FT

RECEPTION
CARPET

WAITING

OFFICE/LOUNGE
CARPET

STAFF/BREAK
CARPET

WAITING A
CARPET

WAITING B
CARPET

WAITING C
CARPET

WAITING D
CARPET

WAITING E
CARPET

WAITING F
CARPET

WAITING G
CARPET

BUSINESS OFFICE
CARPET

CORRIDOR
CARPET

GAITING A
CARPET

GAITING B
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GAITING C
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GAITING D
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GAITING E
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GAITING F
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