

MEMORANDUM

TO: Mayor Prussing and Council Members

FROM: Comptroller/P.W. Director

RE: Internal Engineering Contracts with TIF Funds

DATE: February 24, 2011

Background: Four Public Work projects are planned to be paid from the TIF's: Urbana Avenue at a cost of \$800,000 (already approved in the current FY10-11 budget), Main Street at a cost of \$310,000 (already approved in the current FY10-11 budget), Springfield Avenue at a cost of \$400,000 (planned to be included in next year's FY11-12 budget) and Goodwin Avenue at a cost of \$1,280,000 (already approved in the current FY10-11 budget). External engineering costs for these projects is estimated to cost \$574,000.

The Public Works Engineering Division has indicated that they have the time and expertise to design the engineering on these projects at a cost of \$290,000, thus saving the TIF's \$284,000 and utilizing the \$290,000 toward the City's capital improvement program. This is allowable under TIF laws as long as the City is only reimbursed for time and costs actually spent. Public Works will document actual engineering time thru their payroll time card system.

Because the step of charging the TIF's for monies that will be reimbursed to the City is a unique step, I believe it would best to document exactly why the City is doing this and the savings to the TIF's. Therefore, I am recommending approval of the attached resolution.

RESOLUTION NO. 2011-02-006R

A RESOLUTION PROVIDING FOR AND AUTHROIZING THE DISBURSEMENT OF CERTAIN MONIES FROM THE CITY OF URBANA TAX INCREMENT FINANCING DISTRICTS TO REIMBURSE THE CITY OF URBANA FOR ENGINEERING SERVICES IN CONNECTION WITH CERTAIN TAX INCREMENT FINANCING DISTRICT DEVELOPMENT PROJECTS

WHEREAS, the City of Urbana, Champaign County, Illinois, is a home-rule unit pursuant to the provisions of the Constitution of Illinois and accordingly may exercise any power and perform any function pertaining to its government and affairs, and;

WHEREAS, the City Council of the City of Urbana, Illinois, did on the 15th day of December, 1986, pass ordinance number 8687-45 and supplemented by ordinance 8687-31 adopted October 6, 1986, which created the Central Business District Downtown Area No. 2 Redevelopment Plan and Related Redevelopment Project (Tax Increment Finance District Two), pursuant to the Tax Increment Finance Allocation Redevelopment Act, and;

WHEREAS, the City Council of the City of Urbana, Illinois, did on the 22nd day of December, 1980, pass ordinance numbers 8081-61, 8081-62, and 8081-63 and supplemented by ordinance 8687-31 adopted October 6, 1986, which created the Urbana Downtown Tax Increment Redevelopment Project Area and the Urbana Downtown Tax Increment Redevelopment Plan (Tax Increment Finance District One), pursuant to the Tax Increment Finance Allocation Redevelopment Act, and;

WHEREAS, the City Council of the City of Urbana, Illinois, did on the 20th day of December, 1989, pass ordinance number 8990-59 and supplemented by ordinance 9091-65 adopted December 3, 1990, which created the North Campus and King Park Neighborhood Tax Increment Redevelopment Project Area and Redevelopment Plan (Tax Increment Finance District Three), pursuant to the Tax Increment Finance Allocation Redevelopment Act, and;

WHEREAS, the City Council of the City of Urbana, Illinois, did on the 21st day of June, 2010, pass ordinance 2010-06-051, which approved the annual budget for the City of Urbana, Illinois, for the fiscal year beginning July 1, 2010, and ending June 30, 2011, and;

WHEREAS, said annual budget for the City of Urbana, Illinois, for the fiscal year beginning July 1, 2010 and ending June 30, 2011 authorized the expenditure of a total of \$800,000 (engineering and construction costs) in the Urbana Tax Increment Finance District Two Fund, for the reconstruction and improvement of Urbana Avenue from E. Main Street to Oregon, and; the City Council, based on testimony from the City Of Urbana Public Works Director, has determined that external professional engineering costs for this Urbana Avenue improvement is estimated to cost \$175,000, and that the Engineering Department of the City of Urbana has the ability and time to engineer and design this project at a cost of \$105,000, said cost being calculated as the estimated number of hours of engineering work multiplied by the actual costs incurred by the City of Urbana for this engineering time, and;

WHEREAS, said annual budget for the City of Urbana, Illinois, for the fiscal year beginning July 1, 2010 and ending June 30, 2011 authorized the expenditure of a total of \$310,000 in the Urbana Tax Increment Finance District One Fund, for the reconstruction and improvement of Main Street from Vine to Grove, and; the City Council, based on testimony from the City Of Urbana Public Works Director, has determined that external professional engineering costs for this Main Street improvement is estimated to cost \$37,000, and that the Engineering Department of the City of Urbana has the ability and time to engineer and design this project at a cost of \$15,000, said cost being calculated as the estimated number of hours of engineering work multiplied by the actual costs incurred by the City of Urbana for this engineering time, and;

WHEREAS, said annual budget for the City of Urbana, Illinois, for the fiscal year beginning July 1, 2010 and ending June 30, 2011 authorized the expenditure

of a total of \$1,280,000 (engineering and construction costs) in the Urbana Tax Increment Finance District Three Fund, for the reconstruction and improvement of Goodwin Avenue from Park Street to University Avenue and also from Dublin Street to Eads Street, Park Street from Wright Street to Goodwin Avenue, and ; the City Council, based on testimony from the City Of Urbana Public Works Director, has determined that external professional engineering costs for this Goodwin Avenue improvement is estimated to cost \$282,000, and that the Engineering Department of the City of Urbana has the ability and time to engineer and design this project at a cost of \$130,000, said cost being calculated as the estimated number of hours of engineering work multiplied by the actual costs incurred by the City of Urbana for this engineering time, and;

WHEREAS, it is anticipated that the annual budget for the City of Urbana, Illinois for the fiscal year beginning July 1, 2011 and ending June 30, 2012 will authorize the expenditure of a total of \$400,000 (\$360,000 construction costs and \$40,000 engineering costs) in the Tax Increment Finance District Two Fund, for the reconstruction and improvement of Springfield Avenue from McCollough to Cedar, and ; the City Council, based on testimony from the City Of Urbana Public Works Director, has determined that external professional engineering costs for this Springfield Avenue improvement is estimated to cost \$80,000, and that the Engineering Department of the City of Urbana has the ability and time to engineer and design this project at a cost of \$40,000, said cost being calculated as the estimated number of hours of engineering work multiplied by the actual costs incurred by the City of Urbana for this engineering time, and;

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

Section 1. The City Council confirms that in order to save costs, it is in the best interest of the Tax Increment Finance District 2 to reimburse the City of Urbana Engineering Division the actual costs incurred in engineering and design services for the Urbana Avenue project, not to exceed \$105,000, and it is in the best interest of the Tax Increment Finance District 1 to reimburse the City of Urbana Engineering Division the

actual costs incurred in engineering and design services for the Main Street project not to exceed \$15,000, and it is in the best interest of the Tax Increment Finance District 2 to reimburse the City of Urbana Engineering Division the actual costs incurred in engineering and design services for the Springfield Avenue project not to exceed \$40,000 and it is in the best interest of the Tax Increment Finance District 3 to reimburse the City of Urbana Engineering Division the actual costs incurred in engineering and design services for the Goodwin Avenue project not to exceed \$130,000, such reimbursements being made after presentation by the Public Works Director of actual engineering time worked on these projects and costs incurred.

Section 2. The City Council further confirms that these reimbursements are consistent with the goals and purposes of the Central Business District Downtown Area No. 2 Redevelopment Plan and Related Redevelopment Project (TIF2), the Urbana Downtown Tax Increment Redevelopment Project Area and the Urbana Downtown Tax Increment Redevelopment Plan (TIF One), the North Campus and King Park Neighborhood Tax Increment Redevelopment Project Area and Redevelopment Plan (TIF Three) and the Tax Increment Finance Allocation Redevelopment Act,

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