

## Minutes

### Village of Bartlett Economic Development Commission February 12, 2018

G. Kubaszko called the meeting to order at 7:00 pm

#### Roll Call

**Present:** C. Green, T. Smodilla, N. Gudenkauf, D. Gunsteen, G. Kubaszko, S. Gandsey

**Absent:** J. LaPorte, R. Perri

**Also Present:** T. Fradin, Economic Development Coordinator,  
S. Skrycki, Assistant Village Administrator  
J. Dienberg, Administrative Intern

#### Approval of Minutes

A motion was made to approve the minutes of the December 11, 2017 meeting.

**Motioned by:** T. Smodilla

**Seconded by:** S. Gandsey

**Motioned carried.**

#### Downtown Incentive Discussion

T. Fradin provided history and background information regarding the Downtown business district and information on economic development tools used to stimulate investment in downtown areas as requested at the December Economic Development Commission meeting. Tony asked the commissioners to save all questions until the end of the presentation.

#### **Current Downtown Redevelopment Status:**

Several new businesses have filled vacant spaces since 2015, including Arts in Bartlett, O'Hare's Pub and D'Licious crepes & roti opening in Bartlett Town Center and Ace Hardware coming to Bartlett Plaza. Dr. Ackerman of Balance Family Chiropractic purchased a vacant building at 366 S. Main Street, has demolished it, and is currently constructing a new, state-of-the-art facility. Ace Hardware received a sales tax rebate and Balance Family Chiropractic received a permit fee waiver as incentives to make major business investments in the community.

However, some chronic vacant spaces still exist. These include the 31,860 SF former grocery store space in Bartlett Plaza, Lucky Jack's at 121 W. Railroad Ave., Platform 18 at 113 W. Railroad Ave., the former Tri-County Insurance building at 370 S. Main Street and the cottage at 143 S. Oak Ave.

With the Village's overall vacancy having declined from approximately fourteen percent to approximately seven percent with the recent lease of the former Dominick's space in Stearns Crossing shopping center by Amita Healthcare, most of the Village's vacancies are concentrated in the Downtown area.

### **Background and History:**

TIF is a commonly used highly effective economic development tool, utilized widely throughout forty-nine states (not in Arizona) to attract and support redevelopment of areas that have been determined to require public financial assistance in support of private investment.

In Illinois, there are over 1,300 TIF districts including three active ones in Bartlett: the Bartlett Quarry TIF (Brewster Creek Business Park), Bluff City and the undeveloped area at the southwest corner of Route 59 and Lake Street.

In 2013 the EDC spent several meetings specifically discussing redevelopment strategies for the Downtown area. One of the twenty-four recommendations was to create a new Downtown TIF district that would provide future incentives to developers and businesses to redevelop and reutilize vacant and/or dilapidated properties in the area. Following a TIF study, the district was not created when it came to vote in 2015.

### **TIF Primer:**

TIF is a term for a process in which municipalities use a portion of current or future tax revenue from a clearly defined area to promote development in that area. TIF primers from the Illinois Tax Increment Association and SB Friedman Development Advisors are attached for your review.

States vary widely in their rules for when a TIF can be used and how it can be applied, so no single description of a TIF is likely to apply universally.

In the Village's example of wanting to attract development or redevelopment to a stagnating or blighted area, the Village would draw a boundary around the commercial district, complete a qualification study, and then ultimately declare the area a "TIF district."

Within the TIF district, future property tax revenues are split between the tax districts that ordinarily receive revenue from the area and a special fund that is devoted to projects benefiting only the TIF district. The tax districts, including the Park District, the Library District, School District U-46, the Fire Protection District and the Township, continue to receive property taxes based on the value of the properties within the district at the time the TIF is created.

Any revenues resulting from rising property values are devoted to the TIF district. This is the "tax increment" that gives the mechanism its name.

There is a "but for" test when it comes to creating a TIF. The redevelopment of chronic vacant and underutilized properties would not be expected to happen without the program. This has been proven over the years in Downtown Bartlett's case, as neither the property owners nor new businesses or developers have shown themselves to be willing to reinvest in the area without some public investment. Since Bartlett is surrounded by communities that do have Downtown TIFs, private investment has gone to other communities to a greater extent than ours.

Funds within the TIF may be used for property acquisition and assembly, rehabilitation and beautification projects of existing buildings, demolition costs, site preparation and infrastructure, interest rate rebates, professional costs and marketing the area, to name a few common examples. A community may sell bonds secured against the revenues expected to be paid to the TIF fund over its lifetime. There is also a “pay as you go” method, which has been more commonly used in the Village.

At the conclusion of the TIF, which is commonly twenty-three years in Illinois but may be formed for a shorter amount of time or may be closed prior to the full term if the redevelopment goals are met, its special status comes to an end and all taxes from the district again flow to the regular taxing districts that claim revenue from the area.

### **Are TIF plans and expenditures public?**

Of course. When a TIF is established there are numerous legal requirements designed to insure the public and also other local taxing bodies are informed. Public hearings are held and all expenditure decisions must be made in public by local elected officials charged with representing the community. All documents pertaining to a TIF are available through a Freedom of Information Act (FOIA) request.

### **The benefits of TIF**

TIFs help provide the ability to enter into Redevelopment Agreements with a developer and the ability to incentivize a new business willing to commit private funds into an investment into Downtown or another area.

TIFs create short and long term benefits for communities. TIF funds can be used to support a number of public improvements and other investments that support the Redevelopment Plan and Project generally including:

- Public infrastructure improvements including roads, sidewalks, utilities, water, sanitary sewer, storm sewer, detention/retention, parking, street lighting, etc.
- Acquisition of property, land assembly, demolition, site preparation, etc.
- Rehabilitation of older buildings
- Correction and mitigation of environmental issues
- Job training, workforce readiness and other related educational and training programs • Incentives to retain or attract private development

Many of the nearby communities with traditional downtowns including Elgin, Roselle, Addison, Bensenville, Bloomingdale and West Chicago have TIF districts specific to their downtowns. Communities without traditional downtowns including Streamwood, Hanover Park and Carol Stream also make use of TIF to help stimulate development and reinvestment in their central business districts. These communities have utilized TIFs to help attract grocery stores, new restaurants in previously vacant locations and mixed-use developments.

Other nearby communities with downtown TIFs include St. Charles, Batavia, Geneva, Glen Ellyn and Barrington. Most, if not all, of the Cook County municipalities along Metra’s Union Pacific Northwest

line including Des Plaines, Arlington Heights, Mount Prospect. Palatine and Barrington have successful downtown TIFs.

An eighteen-month-old list of all TIFs in Illinois can be viewed on the Comptroller's website at: [https://illinoiscomptroller.gov/comptroller/assets/File/MunicipalitiesWithTIFDistricts\\_August2016.pdf](https://illinoiscomptroller.gov/comptroller/assets/File/MunicipalitiesWithTIFDistricts_August2016.pdf)

Besides TIFs, there are several other tools that can be utilized to incentivize development and redevelopment projects in the downtown area and throughout other areas.

### **Fee Waivers**

Waiving various fees reduces construction or rehabilitation costs for businesses and developers and could also be tied to targeted retailers and/or restaurants. Waiving building permit fees and/or demolition fees may help incentivize some smaller businesses and property owners to take action, with the downside being a loss of revenues to the Village.

The Village Board recently waived building fees in the amount of \$19,182 for the Balance Family Chiropractic project currently under construction at 362-366 S. Main Street.

### **General Fund**

The General Fund could be used to fund façade and business assistance programs, etc.

The Village could consider diverting some of the General Fund to the downtown, or use current sales taxes generated in the downtown to fund projects in this area. This is flexible and at the discretion of the Village Board. A suggestion in this case is to designate a certain amount, for instance \$150,000 annually, and issue rebates/incentives on a first-come, first-served basis in increments of \$10,000 to \$50,000 depending on the size and scope of the project, in an effort to assist small businesses in locating within the downtown business district.

The Village of Mundelein serves as an example of a community that creates and successfully deploys a pool of economic incentive money from its General Fund (see attached).

### **Revolving Loan Funds (RLF)**

One of the oldest finance tools, RLFs operate on the repayment of loans made to fund future lending. The continuation of the fund depends on the collection of existing loans. The loans can be made to start-ups and are used to fill the gap between the amount of capital needed by a business and the amount of capital provided by conventional lending sources. A municipality could tie the loans to targeted retailers. The state requires that every \$15,000 of RLF money must create or retain at least one full-time job equivalent position.

The Village could approach local lending institutions (within or outside the downtown business district) to create a program, perhaps matching funds or allowing the Village to pre-qualify projects. Since start-ups, especially restaurants, are the most risky business ventures, the Village would have to assume some losses in this type of program. In cases where businesses struggle to make payments, it would force Staff into the role of a debt collector, and the fund would be diminished without continued payments.

## **Sales Tax Rebates**

Since this is typically used as an incentive to attract large big box tenants or to supplement larger redevelopments, this would be difficult to review on a case-by-case basis for the smaller retailers and restaurants that exist in the downtown.

The Village has historically entered into sales tax sharing agreements with large sales tax producers including the Home Depot and the former Dominick's Finer Foods. Previous offers of sales tax sharing incentives to grocers since the Bartlett Fresh Market closed within Bartlett Plaza have not been enough to attract a tenant to the largest vacant space in the downtown business district.

In 2017, the Village Board entered into a sales tax sharing agreement with Ziegler's Ace Hardware, rebating fifty percent of the Village's share for ten years or until the \$50,000 threshold is met.

## **Property Tax Abatements**

Most often used for industrial properties, property tax abatements are used in conjunction with other types of incentives, like sales tax rebates. Because the Village collects only about 8% of a total property tax bill in Cook County, this would be more powerful if a business or property would be awarded abatements from more than one taxing district.

An "outside the box" approach to this incentive would be to coordinate with other taxing bodies in an agreement to abate property taxes for the numerous buildings in the downtown area that exist in a continually vacant state, such as the former Bartlett Fresh Market space in Bartlett Plaza or the former Kohler house at 370 S. Main Street in an effort to encourage investment or improve commercial properties that would otherwise have little to no attractiveness to investors.

## **Special Service Area (SSA)**

A Special Service Area is a taxing mechanism that can be used to fund a wide range of special or additional services and/or physical improvements in a defined geographic area within a municipality. Delineating a geographical area as an SSA has the potential to raise significant funds. An example of a community that utilizes this tool is Highland Park, who budgets \$300,000 per year for improvements to its Central Business District.

However, because the downtown area is within Cook County and already faces a competitive disadvantage with the Stearns Road and Route 59 area in DuPage County due to lesser traffic and higher property tax bills, this could severely impact property owners in downtown. Also, if 51% of the property owners within the area object to the SSA, then it shall not be created.

## **Cook County Reclassification Programs**

Cook County supports Class 7A and Class 7B Reclassifications for commercial projects in areas determined to be "in need of commercial development," with similar qualifying criteria to TIFs including a Designation of Area, declining real estate taxes, viability and timeliness, assistance and necessity, and increased tax revenue and employment.

Developers or businesses would be the applicant for this program, which greatly reduces the property tax burden on a property, from a 25% assessment to 10% for ten years, 15% for the eleventh year and 20% for the twelfth year. It is renewable after that time.

Class 7A (under \$2 million project) and Class 7B (over \$2 million) Reclassifications are project-driven, thus they may be appropriate for a redevelopment of the re-occupation of the former Bartlett Fresh Market space at 399 Bartlett Plaza. The applications are submitted to the Cook County Assessor's office, and must include a resolution or ordinance from the municipality where the real estate is located.

This program has been explained to potential businesses and developers as available; however, because there is no direct financial assistance up front, rather a lower tax bill once a project is completed, it has not been taken advantage of to date in downtown Bartlett.

### **Video Gambling Revenue**

The Illinois Gaming Board reports that the Village's share of revenue gained from the eleven establishments, with fifty-four total machines, was \$181,000 for the past year. All or a portion of this revenue stream could be dedicated to economic development activities to assist the downtown area specifically. With one additional video gaming establishment pending approval, this number could potentially increase. A new and improved façade program, to include build-out costs, could be funded on an annual basis based upon realized revenues from this newer source of income.

### **Summary**

Filling vacancies in the downtown is a top priority for the Village of Bartlett. This memo outlines a variety of tools to help recruit new businesses and retain existing businesses.

Our business visitation program, our local advertisements on social media and the implementation of the Downtown TOD Plan recommendations regarding the 25 MPH speed reduction and the RFP we have out for the undeveloped Town Center property are all current efforts toward that goal.

**C. Green** asked if the incentives were on a case-by-case basis, or if there was a specific program.

**T. Fradin** confirmed that they are on a case-by-case basis.

**C. Green** asked if AMITA Health received any incentives.

**T. Fradin** confirmed that they did not, and added that with their size, they have the financial strength to do so.

**T. Smodilla** thanked staff for their work in providing all of the information. She added that she is not a fan of TIF's, but added that she liked the list of incentives provided by staff. She suggested the commission take the next month to digest these ideas. The commissioner suggested compiling the data from previously offered incentives to develop a standardized program of incentives. She also asked for clarification on downtown businesses that received incentives.

**T. Fradin** clarified.

**T. Smodilla** asked for the breakdown of where TIF funds go amongst taxing bodies and the TIF district itself.

**T. Fradin** replied that the TIF funds are based off of 1999 EAV, and while he did not have the number in front of him, and replied that most of the split goes into the TIF fund, and that those numbers would be available at the joint review board.

**T. Smodilla** suggested that the commission continues the conversation of the value, benefits, and pitfalls of TIFs. She requested a report showing the starting EAV and the present EAV of the current TIFs to help the commission have a better understanding as to the revenues that are generated.

**T. Fradin** said that that information is available, and asked the commission for time to get the most up to date information. He also advised the commission that the Village of Bartlett holds a Joint Review Board in the Fall where all of those numbers are broken down with the different taxing bodies.

**S. Skrycki** clarified that Commissioner wanted the details of all the current TIF's within the village.

**T. Smodilla** confirmed that, and added that it may be beneficial to also include the previous Downtown TIF, and added that it would make for good discussion.

**T. Fradin** confirmed that they could have that information.

**D. Gunsteen** asked what the benefits of the recently expired Downtown TIF were and how the funds were used.

**T. Fradin** said there were many major benefits. The TIF is to be credited for the Town Center creation along with other major work as an example. TIF funds were used to help acquire the properties, and all of the environmental remediation. He added that much of this information is in the TIF closeout report.

**D. Gunsteen** asked if the TIF extended to Westgate Commons.

**T. Fradin** confirmed it did not.

**D. Gunsteen** asked if TIF funds went towards Two-Toots.

**T. Fradin** confirmed they did not, however they did receive other incentives.

**D. Gunsteen** added that the Village struggles largely by being split into both DuPage and Cook Counties. Adding that a TIF will mean something different to each county, and that to stay competitive, the TIF could revitalize the downtown.

**T. Fradin** added that the Village is also in Kane County, and that the Village has a TIF in Kane.

**D. Gunsteen** asked if the prior TIF was used to its maximum ability.

**T. Fradin** confirmed that it accomplished its aims. He added that it had a façade rebate program. The TIF helped downtown businesses to make improvements to their businesses, and those rebates used to come before the EDC, some amounting up to \$30,000. Tony also added that Gorski Plaza was expanded as a part of a redevelopment agreement from the TIF.

**C. Green** added that it was hard at first to get business owners to apply for the rebates, and added that the TIF didn't cover enough. She added that the TIF didn't cover buildout, which is a premium expense, and recommended that the next TIF should be more comprehensive to include more opportunities for the businesses to use.

**T. Fradin** responded that while some didn't utilize it, others took full advantage. He noted that some business owners would factor it into their budget to schedule when they would repair a fence, parking lot, roof, etc., helping these business owners to schedule for their maintenance. He added that a

municipality could factor in build-out if they wanted to in the future, referencing other municipalities and what the Village could base off of.

**T. Smodilla** added that this program is still tax-payer funded, and advised the EDC bring Cook County Elected officials into the mix, including Fred Crespo. She added that TIF is “corporate welfare” and that taxpayers will push back until Cook County gives businesses property tax relief. She added that sales tax rebates do nothing to offset property tax costs. She also expressed an disagreement with business owners factoring in TIF money into their capital expenditures.

**T. Fradin** responded that the point was well taken, and added that regardless of philosophe, the EDC was provided with a basket of different incentives. This will provide commissioners with all the possibilities that can be used, not forcing a TIF incentive, adding the benefit of operating on a case by case basis. He added that there are regular calls taken by staff inquiring for incentives. He added that a small upfront incentive, could result in the increase in employment in an area, or a revitalization of an area.

**T. Smodilla** agreed, and requested more information to create a more comprehensive plan for Bartlett Businesses.

**C. Green** asked if the Video Gambling revenue went directly into the general fund.

**T. Fradin** confirmed that it does.

**C. Green** asked what the percent is that the Village receives of gambling revenue.

**J. Dienberg** confirmed that it is 5%.

**S. Skrycki** added that while the previous comments are all important, the Village may go six months without a bite on a grocery store, then 2 consecutive days of calls. This creates a difficulty in knowing what to prepare for. He added that different types of businesses create different circumstances and call for different types of incentives. This creates a challenge in having a comprehensive plan for incentives, which restricts the flexibility that the Village currently has with its incentives.

**C. Green** suggested that with the video gambling money could be earmarked for Economic Incentives, because it is “New Money”

**S. Skrycki** responded that it may appear that way on the surface, but added that video gaming money often helps recover shortfalls from the state, but added that it is a good idea, and worth looking into more.

**D. Gunsteen** asked what the boundaries would be for the TIF

**T. Fradin** confirmed that the village is not at that state yet, as staff simply provided a basket of incentives on the request of Commissioner Perri at the previous meeting.

**D Gunsteen** asked if a potential TIF could extend towards W. Bartlett Rd. and 59, to make it more appealing on the Cook County side.

**T. Fradin** said that hasn’t been looked at yet, and the previous Downtown TIF did not extend that far. He added that TIFs cannot jump, and have to be continuous on the map.



## **SVN Marketing Report**

**T. Fradin** updated the commissioners on the progress of the Marketing of the Village Owned Land at Rt. 59 and Lake Street by the Village's Broker Sperry Van Ness.

The Status Update included the Marketing Summary, the Prospect Activity, Market Activity including Recent Sales and Competition. The full analysis and summary was included in the commissioner's packet.

Tony also added that they will be partnering with a group at an upcoming trade show. There is also a short commercial being produced that was edited by staff, and being finalized with Comcast. He added that the commercial will be shown to the commissioners at the next meeting.

**D. Gunsteen** asked what the price change has been and who established the price.

**T. Fradin** confirmed that there has been no price change, and that staff established it with contribution from the Broker.

**T. Smodilla** asked what the floor price is for the property.

**T. Fradin** said that has not been established yet, and that the price could be negotiable based on the desirability of the business looking at it.

**T. Smodilla** asked about the zoning of the parcel and the competition.

**T. Fradin** stated that the Village Board is in the process of rezoning the land. It is being rezoned from ER-1 to B-4. He added that the competing parcel is zoned as ER-1.

**S Gandsey** asked if any ideal prospects have contacted the Village.

**T. Fradin** answered that they have not. There have been some inquiries, but not for the entire property, just a piece of it.

**D. Gunsteen** asked if IDOT will be reconfiguring the intersection to allow more access to the property.

**T. Fradin** confirmed that there will be a reconfigure the intersection, but it won't affect access, positively or negatively.

**D. Gunsteen** added that an investment by IDOT in that area could create momentum and make the location more desirable.

**T. Fradin** agreed with the commissioner.

**D. Gunsteen** asked when the price would be lowered.

**T. Fradin** said that staff is just starting to talk about it, and it would most likely occur within the next few months.

**D. Gunsteen** asked if there is a large for sale sign, and if vegetation has been removed

**T. Fradin** responded yes and no respectively.

**T. Smodilla** added that the pushback is because of Cook County Taxes.

**New Business/Public Comment**

**N. Gudenkauf** shared information about the upcoming 5 Star Expo that the Chamber is participating in, and invited commissioners to attend.

**Adjournment**

**A motion was made to adjourn the meeting.**

**Motioned by: T. Smodilla**

**Seconded by: S. Gandsy**

**Motion Carried. The Meeting Adjourned at 8:37 PM**