

**CITY OF NAPERVILLE
MEMORANDUM**

DATE: August 27, 2007

TO: Peter T. Burchard, City Manager

FROM: William J. Novack, Acting Director – TED
Margo L. Ely, City Attorney
Douglas A. Krieger – Finance Director
Anastasia Urban, Project Manager - TED

**SUBJECT: Water Street TIF District - TIF Redevelopment Plan and Endorse
Representatives for the Joint Review Board**

ACTION REQUESTED:

- a) Receive the draft TIF Redevelopment Plan;
- b) Direct Staff to present a resolution for the September 18, 2007 City Council meeting, which will establish the time and place for the TIF public hearing;
- c) Endorse representatives for the Joint Review Board (JRB).

BACKGROUND:

On March 6, 2007 the Preliminary Qualification/Designation and the Financial Feasibility Study reports were transmitted to the City Council. The Preliminary Qualification/Designation report determines that the Water Street area qualifies as a Conservation (pre-blight) Area under state statute. The Financial Feasibility Study provided various financing scenarios for a TIF in the Water Street Area. At that meeting, the City Council directed the Water Street TIF discussion to a workshop, which was held on April 23, 2007. On June 5, 2007 the City Council authorized the establishment of a TIF Interested Parties Registry.

DISCUSSION:

The current TIF process and schedule is provided as Attachment 1. According to the state statute, the next steps involve adoption of a resolution establishing a date for the public hearing, which also initiates the Joint Review Board process. Attachment 2 of this memorandum is a copy of the draft TIF Redevelopment Plan. The City Council may direct revisions to the Redevelopment Plan before September 7, when the required notifications will be distributed.

Draft TIF Redevelopment Plan

The draft TIF Redevelopment Plan formally defines the Redevelopment Project Area (RPA), lists the RPA deficiencies, establishes project objectives and identifies eligible project costs. The TIF project objectives and eligible project costs are closely aligned to the objectives identified in the Water Street Vision Statement. The Water Street Vision Statement anticipated consolidated development within the area, as opposed to lot by lot redevelopment. Consolidated development of the Water Street Area provides the city with a unique opportunity to architecturally and aesthetically unify a district in order to foster an atmosphere that embodies the principles of the Water Street Vision Statement and capitalizes upon defining opportunities that are unachievable with lot by lot development. Consolidated development in the Water Street Area also provides a

better opportunity to accomplish necessary public infrastructure improvements such as construction of a parking deck, Riverwalk on the south side of the river, and improvements to the alley. As the total cost estimate of public improvements in the Water Street area currently exceeds \$21 million, a public-private partnership between the city and a developer(s) was deemed to be appropriate to achieve the goals of the Water Street Vision Statement.

RPA Estimated Project Costs

Within the TIF Redevelopment Plan, an estimate of TIF eligible project costs is provided on page 16. As TIF Redevelopment Plans typically combine the total public improvement costs under a single line item, a listing of the Water Street area specific costs and preliminary breakdown is provided below:

Public Improvement	Estimated Cost
Riverwalk	\$2,790,000
Parking Deck Construction	\$9,416,000
Land for Parking Deck	\$4,363,500
Alley	\$408,000
Township Lot	\$125,000
Watermain	\$231,000
Water Street Reconstruction	\$688,000
Webster Street Reconstruction	\$595,000
Underground Electric (Water St)	\$188,000
Underground Electric (alley)	\$181,000
Streetscape (Water St)	\$803,000
Streetscape (Webster St – east)	\$355,000
Streetscape (Webster St – west)	\$355,000
Traffic Signal – Aurora & Webster	\$200,000
Vacated ROW – Water Street	\$467,775
Electric FIC (Aurora Av)	\$200,000
<i>Total Public Improvement Costs</i>	<i>\$21,366,275</i>

The total cost of public improvements listed above will be far in excess of total dollars anticipated through a TIF increment. Because of this, staff continues to evaluate the costs to determine a fair, equitable allocation of costs between developer/private contributions, city costs and costs to be paid through a TIF increment.

Upon review of the Financial Feasibility Report for the Water Street Area, it was estimated that the net proceeds of bonds for a developer note scenario could produce \$4,217,743 in increment. This analysis was performed utilizing very conservative estimates, particularly with respect to Equalized Assessed Valuation (“EAV”) estimates. Since analysis of the initial feasibility report was completed, staff requested the consultant revisit the projections with anticipated EAV growth rates provided by the School District, and consistent with historical increases. This

estimate is referred to as the optimistic scenario, and with a second lien developer note, it is anticipated that the total net proceeds of bonds could be \$6,220,735.

If and when a TIF is established, a development agreement would identify the precise private/public financial obligations. It is also expected that the City would contemporaneously enter into an intergovernmental agreement with an impacted governmental unit (i.e. NCUSD #203) which would spell out the major terms and uses of the TIF increment, including amounts received in excess of the Financial Feasibility Report.

Resolution to Establish the Public Hearing

According to the state statute, the next steps involve adoption of a resolution scheduling a public hearing and initiating the Joint Review Board process. In accordance with the attached schedule, the resolution on September 18, 2007 will propose that the formal public hearing be scheduled for November 20, 2007, which is after the Joint Review Board has convened and provided its recommendation.

As previously identified, meetings of the Joint Review Board (JRB) will be initiated after the public hearing resolution is adopted. The JRB shall make an advisory, non-binding recommendation regarding the TIF area within thirty (30) days after convening the JRB. The JRB shall consist of a representative selected by Naperville Community Unit School District #203, DuPage County, Naperville Township, Naperville Park District, a public member and a representative selected by the municipality.

Joint Review Board Members

Although the public member to the Joint Review Board must be formally approved by the other JRB members, it is typical for a community to propose a recommendation for the public member such that they would be present at the first JRB meeting, should the recommendation be approved and the meeting could continue. Staff recommends that the City endorse Brien Nagle as the public member serving on the Joint Review Board. Brien is a resident in School District #203, an attorney and an active community member who is familiar with the area of the proposed TIF. Brien has agreed to accept this position if appointed. Additionally, it is proposed that Peter Burchard, City Manager, serve as the municipal representative. Staff requests that the City Council endorse these recommendations.

Revision to TIF Boundary:

Staff has further considered the proposed revision to the TIF Boundary, which was presented as an option for City Council consideration on August 21, 2007, and does not wish to pursue this option.

RECOMMENDATION:

- a) Receive the draft TIF Redevelopment Plan;
- b) Direct Staff to present a resolution for the September 4, 2007 City Council meeting, which will establish the time and place for the TIF public hearing;
- c) Endorse representatives for the Joint Review Board (JRB).