



**TO:** TIF Joint Review Board Members

**FROM:** Stepheny McMahon, Economic Development Supervisor & TIF Administrator

**DATE:** February 9, 2023

**RE:** **Summary of Activities in All TIF Districts for Fiscal Year 2022**

---

The following is a summary of the projects and activities that took place in the TIF districts during Fiscal Year 2022, covering the period of July 1, 2021, through June 30, 2022.

---

### **TIF District Two**

Expires December 31, 2022

Beginning Balance:	\$1,886,410
Revenues FY2022:	\$1,687,132
Expenditures FY2022:	\$1,306,717
End Balance:	\$2,266,825

### **Business Assistance**

#### *Five Points Northwest (Gateway Shoppes)*

In February 2005, the City of Urbana entered into a Redevelopment Agreement with Five Points Realty, LLC for the redevelopment of the property at the northwest corner of Cunningham and University Avenues, now known as the Gateway Shoppes. During the first phase of the project, the developer constructed a 15,000 square foot shopping center and facilitated the development of four outlots now occupied by Jimmy John's, the University of Illinois Community Credit Union, Panda Express, and Wendy's. The shell of the 15,000 square foot retail building was completed with 18 units. The City's obligation was to make property tax rebate payments to Gateway Shoppes until the closing of TIF Two. A payment of \$204,694 was paid to Five Points West in FY2022.

### **Other Activities**

The City expended \$168,721 on personnel and contractual services for TIF administration. The final payment for debt service on Boneyard Creek of \$933,302 was paid.

In 2022, the City brought forth a proposal to remove a small parcel of property from TIF 2 and add it to Central TIF. This change would enable Central TIF and TIF 4 to be contiguous upon the expiration of TIF 2. The Joint Review Board met on June 21, 2022 and voted unanimously to recommend the changes which were passed by City Council on August 22, 2022.

Prior to the closure of TIF 2 on 12/31/2022, the remaining balance of funding was ported to Central TIF.

---

### **TIF District Four**

Expires December 31, 2025

Beginning Balance:	\$ 3,568,333
Revenues FY2022:	\$ 1,694,548
Expenditures FY2022:	\$ 711,963
End Balance:	\$ 4,550,918

### **Business Assistance**

#### *Creative Thermal Solutions (2209 Willow Road)*

In September 2010, the City entered into a redevelopment agreement with Creative Thermal Solutions (CTS) to construct a research park of up to five new buildings at 506 East Anthony Drive. CTS is an air conditioning and refrigeration research and development company with commercial, industrial, and public sector clients. Five buildings have been constructed to date, satisfying the developer's obligations under the agreement. The City made a final payment of \$119,805 to Creative Thermal Solutions in FY2022.

#### *Napleton Automotive Group (1111 Napleton Drive)*

The City of Urbana executed a redevelopment agreement and two amendments with Interchange Properties, LLC, which operated the O'Brien Auto Park in FYs 2001-2006. In FY2015, Ed Napleton Automotive Group and the related company EFN Urbana Properties, LLC purchased the business property and received an assignment of the development agreement. In FY2022 Interchange Properties was issued a final payment of \$136,353 in incentives.

### **Infrastructure Projects**

\$176,319 was reimbursed to the Urbana Park District for eligible park improvements falling under the intergovernmental agreement.

\$151,949 was reimbursed to the Urbana School District for reimbursement on expenditures used to train students in vocational trades.

### **Other Activities**

The City expended \$1,270 in legal, marketing, and promotional services. An additional \$126,268 was expended on personnel services for TIF administration and projects.

Ongoing goals for TIF 4 development include a focus on the North Cunningham corridor for a hotel, travel plaza, and franchise restaurants and services. City staff will be reviewing the original TIF 4 plan to confirm ongoing goals for infrastructure, beautification and business attraction keeping in mind that the district is due to expire in less than three years on December 31, 2025.

---

### **Central TIF District**

Expires December 31, 2040

Beginning Balance:	\$ 121,151
Revenues FY2022:	\$ 505,152
Expenditures FY2022:	\$ 303,696
End Balance:	\$ 322,607

### **Business Assistance**

During FY2022, \$24,000 in redevelopment incentives were awarded to qualifying businesses and property owners in the Central TIF. Business Development and Opening Grants were awarded to the following businesses during the 2022 fiscal year:

- Roaming Fox Media
- The Glitter Boxx
- Arts & Pastries
- Beard Culture Barber Shop
- Wood to Burn Brewing (Cloud Mountain Kombucha)
- Baldarotta's Gelateria
- Brow Arch
- FYEnally Raw Studio

In July of 2022 City staff made the decision to shutter the Business Development and Opening Grant programs which began in 2013. Review of the program revealed the City had invested \$364,000 in small businesses throughout the TIF Districts and Philo Road Business District with a moderate success rate of 50% of the businesses still open to date. The grant program also required a substantial amount of administrative support which weighed on the decision to terminate the program.

The City subsequently rolled out a new Signage Grant program whereby the City would match up to \$3,000 for new signage within a TIF District or Philo Road Business District. Goals for this program were to support all businesses, new and existing, to help improve the appearance of Urbana business corridors by installing professional signage throughout. The program is gaining momentum and currently has five applications.

To support the efforts of the Interim Strategic Economic Development Plan created to serve until a new comprehensive plan is released, the City also revised the TIF Redevelopment Incentive (TIF RIP) grant program increasing the eligible amount of reimbursement to \$35,000 for targeted businesses in select areas of TIF 4 and Central TIF. Projects that meet the targeted use of destination businesses, entertainment venues, and travel plaza criteria within the North Cunningham TIF 4 area may receive an incentive no greater than \$35,000. Projects that meet the specialty use of restaurants, boutiques, and entertainment criteria within the downtown CORE may receive an incentive no greater than \$35,000. Maps outlining the boundaries of the targeted areas are included in the online application.

*MCDJ LLC – 401 N. Vine*

MCDJ LLC applied for a TIF RIP grant to renovate the exterior of the 401 N. Vine property. The south side of the property is used by The Point Fencing Club & School and the north side is leased to C-U Wholesale which supplies inventory for convenience stores. MCDJ was reimbursed \$9,902 for eligible expenses via a TIF Redevelopment Incentive Program (TIF RIP) grant

*Fyrefly Grill – 407 W. University*

The owner of Fyrefly Grill applied for a TIF RIP grant early in 2020 to renovate the east side of the 407 W. University building into a restaurant with intentions to also renovate and open a salon on the west end. Construction didn't begin until mid-year 2021 and the restaurant was opened for a brief period of time before closing in March of 2022. Fyrefry Grill was reimbursed \$25,000 for eligible expenses as a TIF RIP grant. The building has since been purchased by the Carle Foundation.

*Coben Building (136 West Main Street)*

In FY2016-17 the City executed an agreement with D&E Enterprises, LLC for the renovation of 136 West Main Street. D&E Enterprises purchased the property in July 2016 and planned to renovate the building into a first floor restaurant, with additional restaurant, office, or apartment space on the second story. In FY2019, the developer signed a lease for a new Japanese restaurant which was delayed in opening. Cohen was reimbursed \$77,925 in FY22 for eligible expenses after which the City amended the agreement with the developer ascertaining that the only remaining phase of the project eligible for reimbursement was the new restaurant. Per the amended agreement, the D&E Enterprises would be eligible for a payment of of \$56,925 or 15% of expected eligible costs to complete Phase IV of the project. The developer is also eligible to receive two additional payments of \$20,750 each split over two years so long as the restaurant, Sakura, remains open per the terms of the amended agreement. The developer continues to seek tenants for the basement, first story west bay, and second story office space.

**Continuing Projects**

*Fish Alley (133 W. Main Street)*

Property owner, Elizabeth Hunter, continues work on the street level space of the historic building at 133 W. Main with the intention to use it for retail space. A TIF Redevelopment Incentive Program (RIP) application has been approved and upon project completion will receive up to \$35,000 in reimbursement of eligible TIF expenses per the revised TIF RIP program.

*Urbana Landmark Hotel (210 South Race Street)*

The City entered into a redevelopment agreement with Marksons Affiliates, LLC in June of 2019 for the renovation of the Urbana Landmark Hotel into a Tapestry by Hilton-branded hotel at a minimum construction cost of \$15 million. Upon successful completion of the project, the City plans to issue a general obligation bond to reimburse the developer \$5.5 million. Debt service on the bond would be paid with new tax revenues generated by the project including TIF property taxes, hotel/motel taxes, and sales taxes. The renovation is expected to fully reactivate all areas of the hotel including the great hall, conference center and restaurant/bar. At the request of the developer, the City approved an extension agreement whereby construction began on July 1, 2021, one year later than originally planned.

In November of 2022 the City received another extension request from Icon Hospitality citing ongoing supply chain disruptions and delays due to the COVID-19 pandemic. Upon review of the revised construction timeline, the City agreed and passed an eight month extension, (26) months in total from the original commencement date, targeting an opening date of August 1, 2023 or sooner.

**Other Activities**

From Central TIF, \$14,273 was expended for legal, planning and misc. administration, \$28,085.30 on contractual services, \$31,305.53 for advertising/marketing and public education and \$93,205.75 for public art activities.

Ongoing goals for Central TIF include the implementation of the Downtown Public Realm Study which will be presented to council in Feb/March. The study includes feedback from stakeholders and brings forth ideas for connecting Market at the Square patrons to downtown businesses, mixed-use development, and downtown activation including arts and events for the public to enjoy.

The City has also signed a contract with McKenzie Wagner for an Economic Development Marketing campaign which will focus on downtown destination marketing, new business attraction and Think Urbana promotion. This campaign will complement the work being proposed by the public realm study and outlined in the Interim Strategic Economic Development Plan.

Finally, the City is focused on several downtown sites in Central TIF that are ideal for redevelopment including the Champaign County Jail site, Civic Center, and School District building.