



DEPARTMENT OF COMMUNITY DEVELOPMENT SERVICES

Economic Development Division

TO: TIF Joint Review Board Members

FROM: Brandon S. Boys, Redevelopment Specialist and TIF Administrator

DATE: December 14, 2012

RE: **Summary of Activities in All TIF Districts for Fiscal Year 11-12**

Attached please find the annual reports for the City of Urbana's four Tax Increment Finance districts. These reports cover the activities and expenditures for the Fiscal Year 11-12, covering the period of July 1, 2011 through June 30, 2012. The following is a summary of the most significant projects and activities that took place in the TIF districts during the past fiscal year as well as important upcoming projects in each TIF.

Description of Last Fiscal Year's Business Assistance Programs & Upcoming Changes

Due to funding constraints and changing economic conditions, the City is in the process of revising its economic development incentive programs to better implement the goals of TIF districts and Urbana's relevant planning documents. The revised programs will be presented to the Urbana City Council and the Joint Review Board in December 2012 and are expected to go into effect in January 2013.

During the reporting period, the City had three different TIF business assistance programs. The first of these was the TIF Redevelopment Assistance Program (TIF RIP). Through this program, the City would buy down up to 5.5% interest on eligible improvements made to properties within the TIF District. Additionally, projects that meet certain criteria would be eligible for up to an additional 10% of the project cost in the form of a grant. This program was available in TIF Districts One, Two, and Four.

The second assistance program in effect this past fiscal year was the Gallery District Incentive Program, which covered 50% of the monthly lease amount for new arts related businesses (up to \$600 per month) for 12 months, plus provided a one-time opening grant of \$2,000. Businesses were required to sign at least a two-year lease and provide a financial/business plan showing the ability to pay full rent following the subsidy period. Businesses could re-apply for the program following 12 months of full rent payments. This program was available in TIF Districts One and Two.

The third and final assistance program in effect last fiscal year was the New Business Incentive Program which targeted retail, restaurant, and entertainment businesses looking to locate in TIF Districts One or Two. This program covered 50% of the monthly lease amount for new targeted businesses (up to \$500 per month), plus provided a one-time opening grant of \$1,000 and shared the same additional requirements described above for the Gallery District program.

TIF District One

Expires December 31, 2016

Beginning Balance:	\$1,063,575
Revenues FY11-12:	\$1,227,700
Expenditures FY11-12:	\$1,306,629 (includes \$253,950 surplus distribution)
End Balance:	\$984,646

Business Assistance

Approximately \$37,175 was used for all three business assistance programs in TIF One during FY 11-12. Through the City's TIF RIP program, Mirabelle received funds to make improvements at 124 West Main Street. Through the Gallery District Incentive Program, the City assisted CU Studio Share at 110 South Race Street, the Urbana Museum of Photography at 122 West Main Street, Primelight Studio at 126 West Main Street, and Eclectic at 123 West Main Street. Through the New Business Incentive Program, the City assisted Black Rock Pizza Company at 114 South Race Street.

Redevelopment Projects

The City finalized an amendment to the agreement with Xiao Jin "XJ" Yuan for the continued renovation of the former Historic Lincoln Hotel, now the Urbana Landmark Hotel. The amended agreement continues to offer up to \$1,450,000 in TIF reimbursements for eligible project costs over five years, but the distribution of those funds has changed. The approved amendment now offers \$1,050,000 in the form of a forgivable loan to be forgiven upon two years of continuous operation, and \$200,000 per year for the subsequent two years.

The agreement represents a substantial investment in a key property within TIF 1 that will be an asset to the TIF and the community. Renovations to-date include a new roof, new entranceway and porte-cochere, new flooring in the lobby, updated guest rooms, upgraded cable/internet/Wi-Fi, renovation of the ballroom, and countless other repairs. In FY 11-12, the City reimbursed Mr. Yuan \$493,425 for eligible project costs. The Urbana Landmark Hotel held its soft opening on Saturday, December 1, 2012, and will have a grand opening event in January 2013. Mr. Yuan will continue to make substantial investments and improvements to the hotel.

Other Activities

Just under \$50,000 was spent out of TIF 1 in support of public art projects and staffing, including 27 projects funded by the Urbana Public Arts Grant program.

The City of Urbana also supported marketing of the downtown through special events (Sweetcorn Festival), special holiday decorations, and banners through the Urbana Business Association, which also provides business networking and assistance.

Upcoming Projects and Plans

In December 2012 the City is expected to enter into a redevelopment agreement with Matt Cho and Cake Design Development LLC to purchase and renovate buildings owned by Busey Bank at 206, 208, and 210 West Main Street.

TIF District Two

Expires December 31, 2021

Beginning Balance:	\$3,309,587
Revenues FY11-12:	\$1,253,211
Expenditures FY11-12:	\$2,541,662
End Balance:	\$2,021,136

Business Assistance

Approximately \$116,242 was used for business assistance programs in TIF Two during FY 11-12. The TIF RIP program was used in TIF Two with participants including Po' Boys, City Girl Yogurt and Rainbow Garden at 202 East University and the University of Illinois Employees Credit Union at 206 East University Avenue.

Through the Gallery District Incentive Program, the City assisted Wind, Water and Light at 300 South Broadway Avenue (Lincoln Square Village). Through the New Business Incentive Program, the City assisted Mayan Palace Salon at 510 North Cunningham Avenue, Mirror Image Hair Studio at 202 West University Avenue and Urbana Acupuncture at 300 South Broadway Avenue (Lincoln Square Village).

Redevelopment Projects

In July 2011, the City entered into a redevelopment agreement with the James W. Burch Trust for demolition and site preparation assistance at 203 West University Avenue. The City paid \$22,500 out of TIF Two to facilitate the demolition, which is expected to contribute to a future redevelopment of the site.

The City paid \$212,856 for environmental assessment, professional appraisal costs and demolition at the former Denny's dry cleaners site at 119 North Race Street.

Infrastructure Projects

The City paid \$505,312 out of TIF Two for downtown signage improvements and road improvements on Race Street, Springfield Avenue and Main Street.

The City paid \$742,680 out of TIF Two for design costs related to the Boneyard Creek Beautification Project. The Boneyard Creek project broke ground on November 14, 2012.

Other Activities

TIF Two also covered approximately \$9,000 in costs to support In Lincoln's Shadow – A Historic Podcast Tour, which was completed in August 2012. The tour materials are now available at the Champaign County Historical Archives for use by the general public.

Upcoming Projects and Plans

In November 2012, the City amended a redevelopment agreement with Five Points Realty, LLC for Gateway Shoppes at the northwest corner of Cunningham Avenue and University Avenue. This amendment allowed for an extension of the completion date for the project from December 31, 2012 to December 31, 2015.

In the coming years, one of the most significant expenses in TIF Two will be the construction of the Boneyard Beautification Project. Related to this project are the reconstruction of Race Street (including the Race Street bridge) and the installation of streetscape along Broadway Avenue. These infrastructure projects are expected to have a combined cost of approximately \$8 million and are expected to be completed in June 2014.

TIF District Three

Expires December 31, 2013

Beginning Balance:	\$2,437,600
Revenues FY11-12:	\$972,370
Expenditures FY11-12:	\$2,020,155
End Balance:	\$1,389,815

Redevelopment Projects

In 2001, an agreement was approved to assist with the construction of a medical office building near Provena Hospital. In June, 2012, the City approved an assignment of that agreement to a new owner and an amendment to the original agreement allowing for a correction to the original legal description.

Infrastructure Projects

TIF Three paid \$35,993 for improvements along Goodwin Avenue and Park Street, including brick reconstruction to concrete, curb and gutter replacement, and street lighting along Park Street. The City paid \$299,600 to improve King Park area sidewalks and \$820,000 to improve the HVAC system at the King School.

Other Activities

The City is a partner on the UC2B project, which is a city-wide fiber optic connection infrastructure project. The City paid \$345,675 as a local match for this grant. UC2B is expected to bring low-cost broadband service to many eligible neighborhoods. Installation of the fiber ring backbone is nearly complete and connection to individual homes and users is ongoing.

Upcoming Projects and Plans

The City has been approached by the Bainbridge Companies with a proposal to redevelop 1008, 1010, and 1012 West University Avenue. A project at this site was previously planned by another developer that eventually decided not to move forward with the project. It is expected that a redevelopment agreement to assist with costs related to the demolition of existing buildings will come before City Council in January 2013.

In calendar year 2013, there will be significant infrastructure improvements in TIF 3. These include major reconstruction of Church Street between Goodwin Avenue and Mathews Avenue, and Mathews Avenue between Church Street and Eads Street. There will also be replacement of outdated street lighting in the King Park neighborhood. Also in calendar year 2013, the City and the Urbana Park District are partnering to install a new piece of public art in King Park to honor Dr. Martin Luther King Jr.

TIF District Four

Expires December 31, 2024

Beginning Balance:	\$1,163,425
Revenues FY11-12:	\$832,320
Expenditures FY11-12:	\$432,477
End Balance:	\$1,563,268

Business Assistance

The TIF RIP was used to facilitate an expansion of Michelle's Bridal Shop with \$36,851 in assistance.

Redevelopment Projects

In 2010, Creative Thermal Solutions, located at the corner of Willow Road and Anthony Drive, approached the City regarding assistance to construct up to five new buildings over five years to accommodate up to 150 new employees. The City entered into a redevelopment agreement, and four of the five buildings have been constructed to-date.

Infrastructure Projects

The City paid \$13,500 in preparation for the improvement of Airport Road east of Cunningham Avenue. The majority of that reconstruction project will occur in calendar year 2013.

As part of the Creative Thermal Solutions project, the City applied for, and received a state grant to upgrade Willow Road from Anthony Drive north to the driveway of Soccer Planet. The local match funding for the project is estimated at \$250,000, and will be funded by TIF 4. The City paid approximately \$300 in preparation for the project in FY 11-12. The project is nearly complete and the majority of the costs for the project will appear in the FY 12-13 report.

Other Activities

TIF Four paid the Park District \$113,880 for improvements to parks located within the TIF Four boundary area.

Upcoming Projects and Plans

In December 2012, the City is expected to enter into a redevelopment agreement with Frasca Associates for assistance with renovations to an existing building and the construction of a new building related to the Frasca International flight simulator business and Frasca Field Airport. This agreement will include an annual rebate on incremental property taxes and an application to the State of Illinois for EDP Road Grant funds for the reconstruction of Airport Road west of Cunningham Avenue.

In 2012, the City began a focused approach to implementing the Cunningham Avenue Corridor Beautification Plan. In future years, funds from TIF 4 will be used to fund improvements throughout the corridor, such as new street lighting, greater sidewalk connectivity, improved wayfinding signage and investments in public art and landscaping.

Conclusion

New and existing businesses continue to actively utilize TIF incentive programs to support capital improvements and entrepreneurialism in Urbana. Vacancies in the downtown, along Cunningham Avenue and University Avenue have decreased. City economic development staff has focused on regularly contacting and supporting local businesses and investing in relationships with developers and property owners.

Commercial renovation and reinvestment have continued in the Urbana TIF Districts with notable new construction occurring at Creative Thermal Solutions, Five Points Commerce Center, the Urbana Landmark Hotel, and Soccer Planet. In addition, investments in public infrastructure are creating a foundation for additional private investment in the future. City staff continues to provide incentives that encourage capital investment in the TIF Districts and support businesses through the crucial processes of opening, expansion and transition. The City continues to receive plans for new projects and anticipates future opportunities for public-private partnership which contribute to the overall strength and stability of our local economy.

If you have any questions regarding any of the information in the annual report, please feel free to contact me.

Respectfully Submitted,

Brandon S. Boys, MUP
Redevelopment Specialist and TIF Administrator
City of Urbana