



AGENDA ITEM EXECUTIVE SUMMARY

Title:	Presentation of a First Year Summary Regarding the Downtown Business Economic Incentive Program
Presenter:	Matthew O'Rourke, Economic Development Division Manager Rita Tungare, Community & Economic Development Director

Please check appropriate box:

	Government Operations		Government Services
X	Planning & Development (4/11/16)		City Council
	Public Hearing		

Estimated Cost:	\$75,000 for FY 15/16	Budgeted:	YES	X	NO
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If NO, please explain how item will be funded:

Executive Summary:

In January of 2015, the City Council approved the Downtown Business Economic Incentive Program to provide build-out assistance for new or existing/expanding businesses that are renovating the inside of retail spaces located on the first floor of downtown properties. The program received its first funding allocation on May 1, 2015 for FY 2015-2016. The program's funding will remain at the same level in FY16/17. Since we are at the conclusion of the program's first fiscal year, staff is presenting an update regarding the performance of this program.

The main purposes for creating this program were:

- Create a business attraction "tool" to incentivize businesses to choose downtown St. Charles.
- Assistance with the financial cost of permanent building improvements that the private market is not addressing.
- Create a program that was "on par" with those being offered by contemporary communities to ensure St. Charles is competitive.

The full program description is attached to this summary for your reference.

In the first year, four grants at or under \$10,000 have been approved administratively for Isacco, Bombshell 56, The Finery & Blacksmith Bar, and Magnolia Bridal. One grant over \$10,000 has been approved by City Council for Two Wild Seeds Bakery.

Attachments: *(please list)*

Ordinance Approving Downtown Business Economic Incentive Program & Program Description

Recommendation / Suggested Action *(briefly explain):*

Staff is presenting a summary of the Downtown Business Economic Incentive Program's first year activity to update the Committee on the program's performance and to solicit feedback.

<i>For office use only:</i>	<i>Agenda Item Number: 3d</i>
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City of St. Charles, Illinois

Refer to:	
Minutes	
Page	1-20-15

Ordinance No. 2015-M-2

**An Ordinance Establishing a "Downtown Business
Economic Incentive Program"**

**Adopted by the
City Council
of the
City of St. Charles
January 20, 2015**

**Published in pamphlet form by
authority of the City Council
of the City of St. Charles,
Kane and Du Page Counties,
Illinois, January 26, 2015**

Nancy Garrison

City Clerk



(SEAL)

City of St. Charles, IL
Ordinance No. 2015-M- 2

2

An Ordinance Establishing a “Downtown Business Economic Incentive Program”

WHEREAS, the City of St. Charles is a home rule unit as provided in the 1970 Illinois Constitution (Article VII, Section Sec 6(a)) and this ordinance is an exercise of its powers and performance of its functions pertaining to its government and affairs; and

WHEREAS, Section 48.2-1 of the Illinois Municipal Code (65 ILCS 5/11-48.2-1 et seq.) authorizes municipalities to exercise certain powers relative to preservation and enhancement of areas, places, buildings, structures, works of art and other objects having special historical, community or aesthetic interest or value; and

WHEREAS, the City of St. Charles has determined that the general welfare of the residents of the City of St. Charles will be promoted by the enhancement and continued vitality of downtown St. Charles; and,

WHEREAS, the City, pursuant to Section 5 of the Illinois Municipal Code (65 ILCS 8-1-2.5) is authorized to appropriate and expend funds for economic development purposes including, without limitation, the making of grants to any other governmental entity or commercial enterprise that are deemed necessary or desirable for the promotion of economic development within the municipality; and,

WHEREAS, the Planning and Development Committee of the City Council recommended approval of the proposed economic award program on or about January 12, 2015; and,

WHEREAS, the City Council of the City of St. Charles has received the recommendations of the Planning and Development Committee and has considered the same:

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF ST. CHARLES, KANE AND DUPAGE COUNTIES, ILLINOIS, as follows:

1. The preambles set forth hereinabove are incorporated herein as substantive provisions of this Ordinance as if fully set out in this Section 1.

2. That the City of St. Charles has established a Downtown Business Economic Incentive Program that shall be as follows:

See Exhibit A

3. That after the adoption and approval hereof this Ordinance shall be (i) printed or published in book or pamphlet form, published by the authority of the Council, or (ii) within thirty

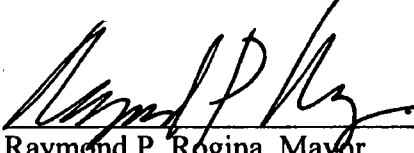
(30) days after the adoption and approval hereof, be published in a newspaper published in and with a general circulation within the City of St. Charles.

4. This Ordinance shall be in full force and effect ten (10) days from and after its passage by a vote of the majority of the corporate authorities now holding office, approval and publication in the manner provided by law.

PRESENTED to the City Council of the City of St. Charles, Kane and DuPage Counties, Illinois this 20th day of January 2015.

PASSED by the City Council of the City of St. Charles, Kane and DuPage Counties, Illinois this 20th day of January 2015.

APPROVED by the Mayor of the City of St. Charles, Kane and DuPage Counties, Illinois this 20th day of January 2015.


Raymond P. Rogina, Mayor

Attest:


Nancy Garrison
City Clerk/Recording Secretary

COUNCIL VOTE:

Ayes: 10

Nays: 0

Absent:

Abstain:

APPROVED AS TO FORM:

City Attorney

DATE: _____



Exhibit A
City of St. Charles Downtown Business Economic Incentive Program Description

City of St. Charles
Downtown Business Economic Incentive Program

1. Program Purpose

The purpose of the St. Charles Downtown Business Economic Incentive Program is to encourage the rehabilitation and investment of properties located in downtown St. Charles. This program will meet this purpose by providing the following benefits:

1. The enhancement of the overall economic vitality and character of downtown St. Charles by attracting tenants to fill vacant commercial spaces.
2. Assist the expansion and/or relocation of existing businesses within downtown St. Charles.
3. Promoting the continued success of downtown St. Charles through the improvement and repair of historic and older buildings that require maintenance and building/fire code updates.
4. The protection of the general welfare by enhancing property and vitality of downtown St. Charles.

2. Program Guidelines:

All Downtown Business Economic Incentive Program awards will match applicant expenditures on a 50/50 basis for eligible improvements. There shall be a funding amount of \$10,000 available for individual businesses. Multiple businesses located in multi-tenant buildings shall all be eligible for individual awards. All businesses must meet the following criteria:

- The property must be located in the Downtown Area (See Attached Map for program limits).
- The business must be considered one of the following uses as defined in Section 17.030.020 of Title 17 the Zoning Ordinance:
 - Art Studio
 - Cultural Facility
 - Indoor Recreation & Amusement
 - Live entertainment
 - Hotel/Motel
 - Outdoor Sales, Permanent
 - Personal Services
 - Coffee Shop or Tea Room
 - Restaurant
 - Retail Sales
 - Tavern/Bar
 - Theater
- The leasable space must be located on the first floor/street level of the eligible building.
- Primary point of sale for merchandise/services in the store must be the location of the physical business.
- Businesses are eligible for an additional \$15,000 provided the property/business meets one of the following criteria: (Total grant amount for any business shall not exceed \$25,000)
 - The additional awards are used to update building code or fire code deficiencies required by change of use such as but not limited to: ADA accessibility improvements, fire sprinkler installation, fire alarms installation, repair, or updates, accessibility ramps/elevators.

- The building or leasable space has been vacant for more than 6 months.
- The proposed business is located in the Downtown Retail Overlay District.
- Large retail spaces that need to be demised to make leasing the space more feasible.
- Extraordinary costs based on a unique physical condition or alterations of the building can be considered on a case by case basis.

4. Approval of a Downtown Business Economic Incentive Program Award Procedure:

The Community & Economic Development Department shall accept and process all applications for Downtown Business Economic Incentive Program awards.

- All applicants must request a “Chapter 34” review by the Building & Code Enforcement Division and Fire Department to determine any necessary code upgrades required due to change in use or life safety issues.
- Awards of **\$10,000** or less are approved administratively by Director of Community & Economic Development Department or designee.
- Awards in **excess of \$10,000 up to \$25,000** are required to receive City Council approval.

5. Eligible Improvements

The following improvements shall be considered eligible to receive the Downtown Business Economic Incentive Award:

- Accessibility improvements for handicapped persons.
- Creation of new exterior doors for access into new leasable commercial spaces.
- Demising walls for the purposes of creating individual leasable commercial spaces.
- Energy conservation improvements.
- Electrical work, including service upgrades.
- Fire alarm systems.
- Fire sprinkler system installation or upgrade, including any needed water service improvements.
- Heating, ventilation and air conditioning.
- Lighting.
- Plumbing.
- Restoration of historic interior architectural features, including ceilings, light fixtures, floors and architectural detailing.
- Utility service upgrades, including water and sewer.
- Improvements not specifically listed as eligible or ineligible are subject to review on a case by case basis.
- Façade improvements (*only if the Façade Improvement Program has committed all budgeted funding for the current fiscal year.*)

6. Ineligible Improvements

The following items are **NOT** eligible for awards under the Downtown Business Economic Incentive Award Program:

- Acquisition of land or buildings.
- Product inventory.

- Interior signage.
- Lighting fixtures.
- Hard surface materials for non-retail exterior space (parking lots, sidewalks, etc.).
- Display window enhancements (hanging grid system, lighting, display shelf, etc.).
- Media marketing and advertising.
- Ongoing business expenses such as rent, payroll, consulting work, moving expenses, etc.
- Day-to-day operational costs (e.g. utilities, taxes, maintenance, refuse).
- Exterminator services.
- Landscaping (see the City of St. Charles' Corridor Improvement Grant Program).
- Paint, tile, or other design elements.
- Furniture, cabinetry, carpets, office equipment, or similar interior finishes.
- Building permit fees and related costs.
- Sweat equity.
- Signs.

7. Commencement of Work:

Only after the Downtown Business Economic Incentive Program Agreement is approved by the City, can work commence. **DO NOT START BEFORE -- YOU WILL NOT BE REIMBURSED FOR WORK DONE PRIOR TO CITY APPROVAL OF THE DOWNTOWN ECONOMIC INCENTIVE PROGRAM AGREEMENT.**

8. Completion of Work:

All improvements must be completed within 270 calendar days of Downtown Business Economic Incentive Program Agreement approval, unless otherwise authorized by City staff for a maximum of a one (270) day extension. If the work is not complete by the end of the extension the City's remaining obligation to reimburse the owner or tenant for the project terminates.

9. Reimbursement Payments:

Upon completion of the work, the owner or tenant must submit copies of all design invoices, contractor's statements, other invoices, proof of payment and notarized final lien waivers to the Director of Community & Economic Development, as evidence that the owner or tenant has paid the architect and contractor(s). You should use the attached forms for the contractor's statement and final lien waivers. Payment will be authorized upon completion of all work items as originally approved and receipt of all of the required documents.

The Applicant will only be reimbursed for the amount of the award once all approved work has been completed and a Certificate of Occupancy is issued by the Building & Code Enforcement Division.

The Director of Community & Economic Development may authorize reimbursement to be made in two payments, if all of the following conditions are present: 1) The first partial payment may be made upon completion of work representing at least forty percent (40%) of the amount specified in the Downtown Business Economic Incentive Program Agreement; 2) The architect's invoices, contractor's statements, invoices, notarized final lien waivers and proof of payment for the completed work have been submitted; 3) The remaining work is expected to be delayed for thirty

days or more following completion of the initial work due to weather, availability of materials, or other circumstances beyond the control of the owner or tenant.

In the case that the award covers multiple leasable spaces in one building, partial award funding can be disbursed as each individual leasable space is issued a Certificate of Occupancy. The amount of the partial disbursement shall be based on the proportion of square footage.

All Improvements shall be installed in accordance with the approved plan. Minor revisions as may be approved by a representative of the City Staff due to field conditions not known at the time of design, and similar circumstances beyond the Applicant's control. **THIS IS A REIMBURSEMENT PROGRAM -- YOU MUST PAY YOUR ARCHITECT, CONTRACTORS AND SUPPLIERS BEFORE YOU RECEIVE PAYMENT FROM THE CITY.**

Reimbursement awards are subject to Federal and State taxes, and are reported to the Internal Revenue Service on Form 1099. You are required to provide your taxpayer ID number or social security number as part of the Downtown Business Economic Incentive Program Agreement. Property owners and tenants should consult their tax advisor for tax liability information.

10. Maintenance Period:

The property owner and tenant shall be responsible for maintaining the improvements without alteration for five (5) years. A restrictive covenant limiting alterations may be required by the City Council at the time of approval of the Downtown Business Economic Incentive Program Agreement. A waiver from this requirement may be awarded by the City Council following a recommendation by the Director of Community & Economic Development, upon submittal of evidence of hardship or unusual circumstances.

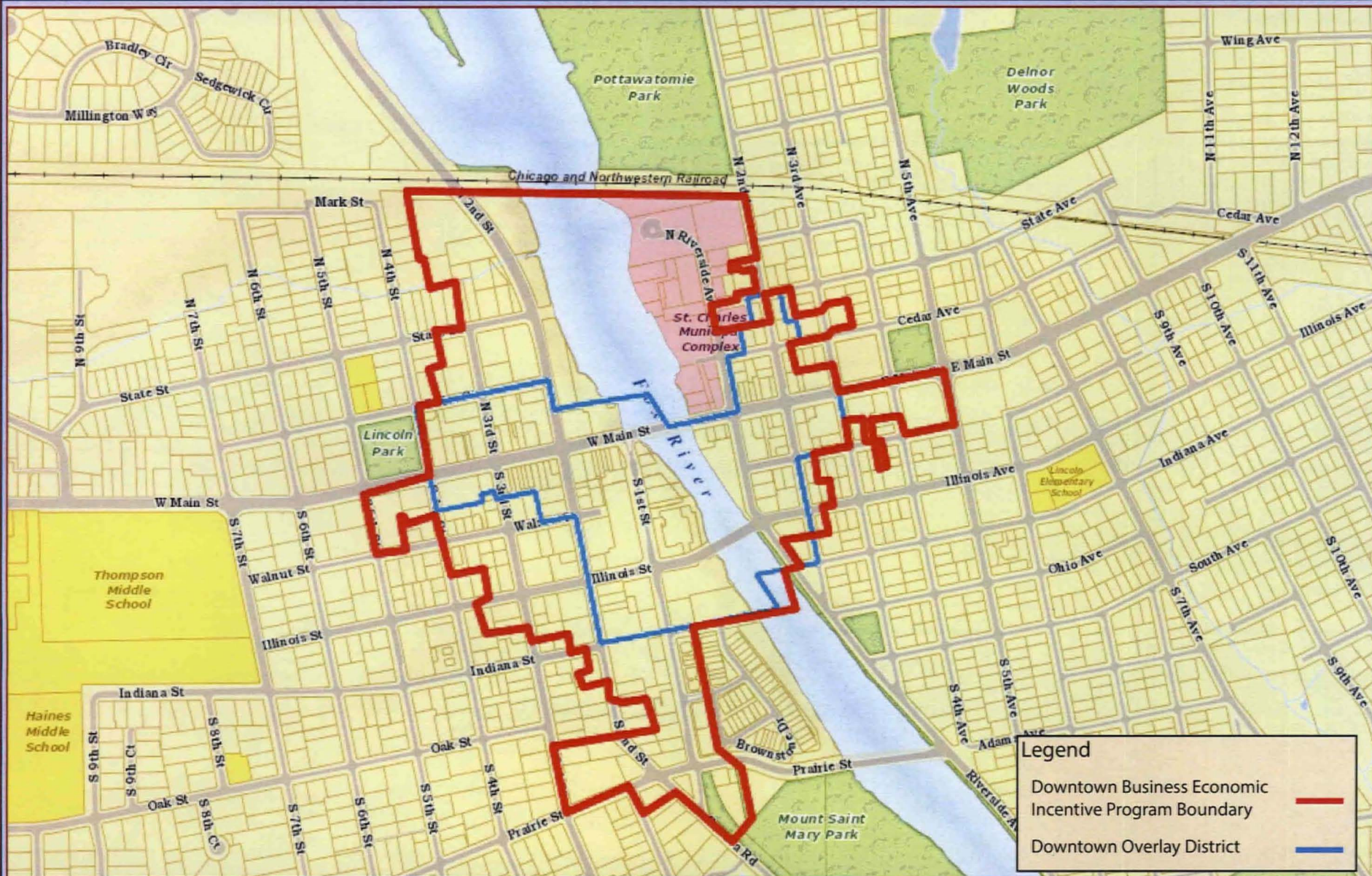


City of St. Charles, Illinois

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Phone: 630-377-4400 Fax: 630-377-4440 -www.stcharlesil.gov

Precision GIS

RAYMOND ROGINA Mayor
MARK KOENEN City Administrator



Legend

- Downtown Business Economic Incentive Program Boundary —
- Downtown Overlay District —

Data Source:
 City of St. Charles, Illinois
 Kane County, Illinois
 DuPage County, Illinois
 Projection: Transverse Mercator
 Coordinate System: Illinois State Plane East
 North American Datum 1983
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 Prepared by Precision GIS

State of Illinois)
)
) ss.
Counties of Kane and DuPage)

Certificate

I, NANCY GARRISON, certify that I am the duly elected and acting Municipal City Clerk of the City of St. Charles, Kane and DuPage Counties, Illinois.

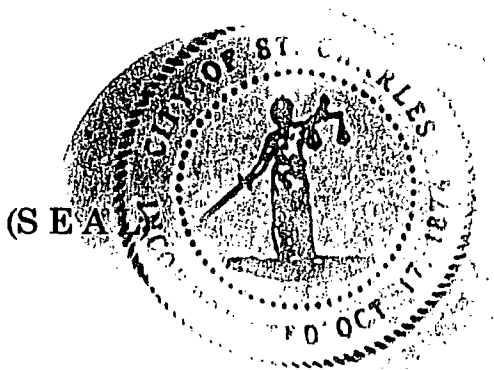
I further certify that on January 20, 2015, the Corporate Authorities of such municipality passed and approved Ordinance No. 2015-M-2, entitled

"An Ordinance Establishing a "Downtown Business
Economic Incentive Program",

which provided by its terms that it should be published in pamphlet form.

The pamphlet form of Ordinance No. 2015-M-2, including the Ordinance and a cover sheet thereof was prepared, and a copy of such Ordinance was posted in the municipal building, commencing on January 26, 2015, and continuing for at least ten days thereafter. Copies of such Ordinance were also available for public inspection upon request in the office of the municipal clerk.

DATED at St. Charles, Illinois, this 20th day of January, 2015.



Nancy Garrison
Municipal Clerk