 ST. CHARLES SINCE 1834	<b>AGENDA ITEM EXECUTIVE SUMMARY</b>						
	Title:	Recommendation to Approve Amendments to the Downtown Business Economic Incentive Program					
	Presenter:	Matthew O'Rourke, Economic Development Division Manager Rita Tungare, Community & Economic Development Director					
<i>Please check appropriate box:</i>							
	Government Operations				Government Services		
X	Planning & Development (5/9/16)				City Council		
	Public Hearing						
Estimated Cost:	\$107,000 for FY 16/17 ( <i>Includes funds rolled forwards from FY15/16</i> )			Budgeted:	YES	X	NO
If NO, please explain how item will be funded:							
<b>Executive Summary:</b>							
<p>At the 4/11/16 Planning &amp; Development Committee meeting, staff presented an update of the activity and interest received for the City's Downtown Business Economic Incentive Program. The program was created in 2015 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. In the first year, five grants were approved for a total of \$42,267.00. During the presentation the Committee recommended that staff investigate and prepare the following amendments to the program:</p> <p><u>Proposed Amendments:</u></p> <ol style="list-style-type: none"> <li><u>Strengthen the repayment clauses of the approval documents for instances when the City funded improvements are removed before the end of the required 5-year maintenance period.</u> - Staff has worked with Legal Counsel to draft the following language the has been added to the program description and will be added to all future award agreements:  <i>"In the event that any of the Building Improvements are removed during the term of this agreement the APPLICANT and/or the OWNER shall repay the CITY all grant funds received pursuant to this Agreement and shall pay any costs and fees including reasonable attorney's fees incurred by the CITY to collect said grant funds. The amount of repayment required to be paid by the APPLICANT and the OWNER shall be reduced by 20% for every full year that this Agreement has been in effect at the time of the required repayment."</i> </li> <li><u>Expand the Program's boundaries to the properties along St. Charles' major commercial corridors.</u> - Staff has amended the program's boundaries as shown on the attached revised program boundary map.           <ol style="list-style-type: none"> <li>In addition to the modifications identified by the Committee, staff is proposing that the name of the program be changed. Based on the new boundaries, the existing name no longer accurately depicts the scope of this program, and staff is proposing this new title "Commercial Corridor and Downtown Business Economic Incentive Program".</li> </ol> </li> </ol>							
<b>Attachments:</b> ( <i>please list</i> )							
Commercial Corridor and Downtown Business Economic Incentive Program Description Revised Program Boundary Map							
<b>Recommendation / Suggested Action</b> ( <i>briefly explain</i> ):							
Recommendation to Approve Amendments to the Downtown Business Economic Incentive Program							
For office use only:		Agenda Item Number: 3i					

# **City of St. Charles**

## **Commercial Corridor and Downtown Business Economic Incentive Program**

### **1. Program Purpose**

The purpose of the St. Charles Commercial Corridor and 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 St. Charles by attracting tenants to fill vacant commercial spaces.
2. Assist the expansion and/or relocation of existing businesses within St. Charles.
3. Promoting the continued economic success of 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 values and vitality of St. Charles.

### **2. Program Guidelines:**

All Commercial Corridor and 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 Commercial Corridor or Downtown Areas as defined on the Attached Map as the program boundaries.
- 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 Commercial Corridor and Downtown Business Economic Incentive Program Award Procedure:**

The Community & Economic Development Department shall accept and process all applications for Commercial Corridor and 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 Commercial Corridor and 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 Commercial Corridor and 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 Commercial Corridor and 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 Commercial Corridor and 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 Commercial Corridor and 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 Commercial Corridor and 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 Commercial Corridor and 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.

In the event that any of the Building Improvements are removed during the term of this agreement the APPLICANT and/or the OWNER shall repay the CITY all grant funds received pursuant to this Agreement and shall pay any costs and fees including reasonable attorney's fees incurred by the CITY to collect said grant funds. The amount of repayment required to be paid by the APPLICANT and the OWNER shall be reduced by 20% for every full year that this Agreement has been in effect at the time of the required repayment.



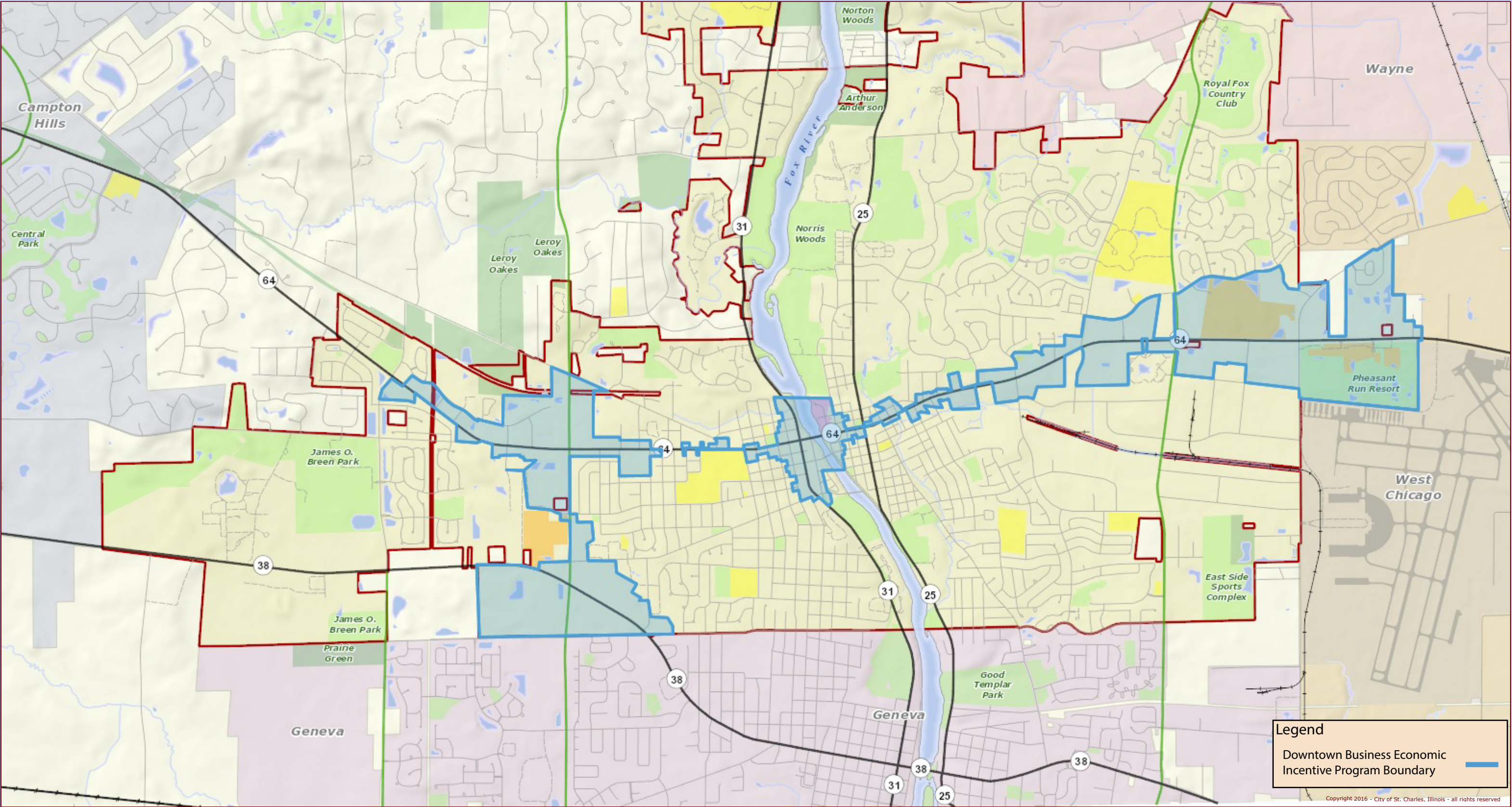


City of St. Charles, Illinois

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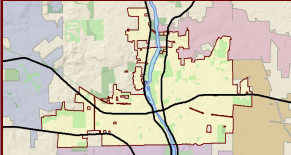
RAYMOND ROGINA Mayor  
MARK KOENEN City Administrator



**Legend**

Downtown Business Economic Incentive Program Boundary

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