



AGENDA ITEM EXECUTIVE SUMMARY

Agenda Item Number: 7b

Title:

Recommendation to approve an Ordinance Terminating the Designation of the Redevelopment Project Area as Created by the City of St. Charles as a Tax Increment Financing Redevelopment Project Area (Northeast Side of Main Street and Second Street), and Dissolving the Special Tax Increment Allocation Fund for Said Redevelopment Project Area.

Presenter:

Colleen Lavery, Assistant Finance Director

Meeting: Government Operations Committee

Date: September 20, 2021

Proposed Cost: \$ -0-

Budgeted Amount: \$ N/A

Not Budgeted:

Executive Summary *(if not budgeted please explain):*

On January 6, 1997, the then seated Mayor and City Council, pursuant to, and in accordance with, the Illinois Tax Increment Allocation Redevelopment Act established the Hotel Baker Redevelopment Plan (RDP) and Project Area and created the City’s first Tax Increment Financing (TIF) District.

The creation of this TIF allowed the City to capture additional (incremental) tax revenue generated from new development with the Project Area and invest in the rehabilitation of the Hotel Baker which is one of the most prominent and visible structures located in the downtown area.

The Hotel Baker TIF expires on December 31, 2021, which is the December 31st of the year in which tax increment revenue was paid to the City from ad valorem taxes that were levied in the 23rd calendar year (2020) in which the ordinance approving the Redevelopment Project Area was adopted.

Under the TIF Act, the City is required to notify affected taxing districts by October 31, 2021 of the December 31, 2021 expiration of the Baker Hotel TIF. This enables the taxing districts whose boundaries include the TIF Redevelopment Project Area to impose their 2021 property tax levy (taxes payable in 2022) upon the incremental TIF value.

The tax computation report prepared by Kane County for taxes 2020 taxes (payable in 2021) provides that the total 2020 equalized assessed valuation (EAV) for the Hotel Baker TIF was 1,685,389 and the frozen equalized assessed value of this TIF was 270,715. The difference between the 2020 EAV and the frozen value of 1,414,774 represents the incremental TIF value.

Attachments *(please list):*

Ordinance

Recommendation/Suggested Action *(briefly explain):*

Approve an Ordinance Terminating the Designation of the Redevelopment Project Area as Created by the City of St. Charles as a Tax Increment Financing Redevelopment Project Area (Northeast Side of Main Street and Second Street), and Dissolving the Special Tax Increment Allocation Fund for Said Redevelopment Project Area.

City Of St. Charles, Illinois
Ordinance No. _____

An Ordinance Terminating the Designation of the Redevelopment Project Area as Created by the City of St. Charles as a Tax Increment Financing Redevelopment Project Area (Northeast Side of Main Street and Second Street), and Dissolving the Special Tax Increment Allocation Fund for Said Redevelopment Project Area (TIF 1 – Hotel Baker)

WHEREAS, on January, 6, 1997, the Mayor and City Council (the “Corporate Authorities”) of the City of St. Charles (the “City”), in accordance with the provisions of the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1, *et seq.* (the “Act”), passed (i) Ordinance No. 1997-M-5, entitled “An Ordinance Approving the City of St. Charles, DuPage and Kane Counties, Illinois, Tax Increment Redevelopment Project, Redevelopment Plan and Project Area (Northeast Side of Main Street and Second Street) (the “Redevelopment Plan and Project”); (ii) Ordinance No.1997-M-6, entitled “An Ordinance Designating the City of St. Charles, Illinois, Tax Increment Redevelopment Project Area” (the “Redevelopment Project Area”); and (iii) Ordinance No. 1997-M-7, entitled “An Ordinance Adopting Tax Increment Financing for the City of St. Charles, DuPage and Kane Counties, Illinois” (collectively, the “Establishment Ordinances”); and

WHEREAS, the Corporate Authorities have determined that it is in the best interests of the City, its residents and the affected taxing districts to terminate the designation of the Redevelopment Project Area as a redevelopment project area under the Act, pursuant to the Establishment Ordinances, and dissolve the special tax allocation fund (the “Special Tax Allocation Fund”); and

WHEREAS, the City will close the books and records of the Redevelopment Project Area once the Corporate Authorities receive certification that all redevelopment project costs for the Redevelopment Project Area have been paid, all obligations issued in connection with the Redevelopment Project Area have been retired, and if any excess monies are available in the Special Tax Allocation Fund for the Redevelopment Project Area, said monies shall be distributed in accordance with Section 11-74.4-8 of the Act; and

WHEREAS, prior to October 31, 2021, the City did provide notice to all affected taxing districts of the City’s intention to terminate the Redevelopment Project Area; and

WHEREAS, the City will file the requisite notice that the Redevelopment Project Area was terminated in conformance with this Ordinance.

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

Section 1. The recitals to this Ordinance are full, true and correct and adopted as findings of the Corporate Authorities and are incorporated herein by specific reference.

Section 2. In accordance with the provisions of the Act, the City hereby terminates the designation of the Redevelopment Project Area as a redevelopment project area effective as of the passage of this Ordinance and dissolves the Special Tax Allocation Fund relating to the Redevelopment Project Area effective December 31, 2021, or upon the final payout of obligations, whichever occurs first. The City Manager or a designee is hereby authorized and directed to finalize the accounting necessary to close the books and records of the Redevelopment Project Area and remit any excess monies in the Special Tax Allocation Fund to the County of Kane for distribution to the affected taxing districts in accordance with 11-74.4-8 of the Act upon final payouts of obligations.

Section 3. The City Clerk, or a designee, is hereby directed to timely file a certified copy of this Ordinance with the Clerk of Kane County and the City shall cause notice to be given to all affected taxing districts that the Redevelopment Project Area was terminated in conformance with this Ordinance.

Section 4. If any section, paragraph or provision of this Ordinance shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this Ordinance.

Section 5. All ordinances, resolutions, motions or orders in conflict herewith shall be, and the same hereby are, repealed to the extent of such conflict.

Section 6. This Ordinance shall be in full force and effect from and after its passage and approval in the manner provided by law.

PRESENTED to the City Council of the City of St. Charles, Illinois, this _____ day of October, 2021.

PASSED by the City Council of the City of St. Charles, Illinois, this _____ day of October, 2021.

APPROVED by the Mayor of the City of St. Charles, Illinois, this _____ day of October, 2021.

Lora A. Vitek, Mayor

ATTEST:

City Clerk

COUNCIL VOTE:

Ayes:

Nays:

Absent:

Abstain: