



**AGENDA ITEM EXECUTIVE SUMMARY**

**Agenda Item Number: \*IIC8**

**Title:**

Motion to approve an Ordinance amending the Commercial Corridor Improvement and Downtown Business Economic Incentive Program (Business Improvement Grant).

**Presenter:**

Ciara Miller, Economic Development Planner

**Meeting:** City Council

**Date:** June 1, 2020

Proposed Cost: \$

Budgeted Amount: \$

Not Budgeted:

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

Staff presented proposed changes to the Commercial Corridor and Downtown Business Economic Incentive Program to the Planning & Development Committee on March 9, 2020. Those changes, which were unanimously approved by the Committee, included modifying eligibility to include properties along select commercial corridors in St. Charles and renaming the program the Business Improvement Grant (BIG).

Staff also requested feedback on potentially including two new eligible improvements in the program: structural additions and façade improvements for commercial properties not eligible under the existing Façade Improvement Program. There was some concern regarding the regulation of these additions. Specifically, Committee members voiced concern that they didn't want all of the program funds to go towards additions or covering general maintenance expenses such as painting as a façade improvement. To address those concerns, staff included the following restrictions:

1. The amount of program funds that can be used for structural additions will be limited to a specific dollar amount per fiscal year to ensure that all funds are not spent on additions. Staff is recommending the cap be set at \$10,000.
2. Façade improvement guidelines are based on the existing Façade Improvement Program, which limits eligible façade improvement expenses. Staff will review applications for conformance with the design standards detailed in the zoning code to the extent possible. General maintenance expenses (ex. exterior painting, reroofing, etc.) remain ineligible.

A property that is eligible for the Façade Improvement Program cannot apply for BIG funds for façade improvements unless all budgeted Façade Program funds are already allocated for the fiscal year. However, if a property meets the eligibility criteria for both programs, they may apply for the Façade Program and the BIG Program if there are other eligible expenses associated with the project (sprinkler system, plumbing, utility upgrades, etc). A property cannot apply for both the Façade Program and the BIG Program for the same façade project.

Staff believes that the updated language addresses the concerns raised by the Planning & Development Committee while allowing the program to grow and evolve to meet current business needs.

**Attachments** *(please list):*

- Proposed Amended Program Guidelines

**Recommendation/Suggested Action** *(briefly explain):*

Recommendation by Planning and Development Committee to approve Ordinance amending the Commercial Corridor and Downtown Business Economic Incentive Program.

**City of St. Charles, IL**  
**Ordinance No. 2020-M-\_\_\_\_\_**

**An Ordinance Amending the Commercial Corridor and Downtown Business  
Economic Incentive Program (Business Improvement Grant)**

WHEREAS, the City of St. Charles approved Ordinance No. 2015-M-2 entitled “an ordinance establishing a “downtown business economic incentive program”; and on or about January 20, 2015.

WHEREAS, the City of St. Charles approved Ordinance No. 2016-M-25 entitled "an ordinance amending and renaming the "Downtown Business Economic Incentive Program" to the "Commercial Corridor and Downtown Business Economic Incentive Program"; on or about May 16, 2016.

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 commercial businesses downtown and in gateway corridors of 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 amendments on or about March 9, 2020; 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 Business Improvement Grant 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 15th day of June 2020.

PASSED by the City Council of the City of St. Charles, Kane and DuPage Counties, Illinois this 15th day of June 2020.

APPROVED by the Mayor of the City of St. Charles, Kane and DuPage Counties, Illinois this 15th day of June 2020.

\_\_\_\_\_  
Raymond P. Rogina, Mayor

Attest:

\_\_\_\_\_  
City Clerk/Recording Secretary

COUNCIL VOTE:

Ayes:

Nays:

Absent:

Abstain:

APPROVED AS TO FORM:

\_\_\_\_\_  
City Attorney

DATE: \_\_\_\_\_

Exhibit A  
City of St. Charles Business Improvement Grant Program Guidelines

# City of St. Charles

## Business Improvement Grant

### 1. Program Purpose

The purpose of the St. Charles **Business Improvement Grant** 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 **Business Improvement Grant** 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 along the Main Street/Route 64 corridor, Lincoln Hwy/Route 38 corridor, Randall Road corridor, or zoned CBD-1 or CBD-2.**
- 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.

## City of St. Charles Business Improvement Grant

- 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 **Business Improvement Grant** Award Procedure:

The Community & Economic Development Department shall accept and process all applications for **Business Improvement Grants**.

- 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 **Business Improvement Grant** 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.
- **Structural additions for the purpose of expanding usable business space\***
- 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- **for businesses within the Façade Improvement Program Area** (only if the Façade Improvement Program has committed all budgeted funding for the current fiscal year).
- **Façade improvements- for eligible businesses outside Façade Improvement Program Area\*\***

*\* No more than \$10,000 of BIG funds may go towards structural additions in any given fiscal year.*

*\*\* Façade improvements are limited to the following 1) Permanent exterior building upgrades or enhancements that will improve the character of a building 2) Improvement, replacement or installation of storefront systems, doors, windows and trim materials. Proposed façade improvements should, to the extent possible, follow the design guidelines and standards described in Section 17.06 of the Zoning Code.*

# City of St. Charles

## Business Improvement Grant

### 6. Ineligible Improvements

The following items are **NOT** eligible for awards under the **Business Improvement Grant**:

- 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 **Business Improvement Grant** 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 BUSINESS IMPROVEMENT GRANT AGREEMENT.**

### 8. Completion of Work:

All improvements must be completed within 270 calendar days of **Business Improvement Grant** 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.

## **City of St. Charles Business Improvement Grant**

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 Business Improvement Grant 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 Business Improvement Grant 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 Business Improvement Grant Agreement. A waiver from this requirement may be awarded by the City Council following a recommendation the by Director of Community & Economic Development, upon submittal of evidence of hardship or unusual circumstances.