



ST. CHARLES
SINCE 1834

AGENDA ITEM EXECUTIVE SUMMARY

Title:	<p>An Ordinance Approving a Tax Increment Redevelopment Plan and Redevelopment Project for the Central Downtown TIF</p> <p>An Ordinance Designating a Tax Increment Redevelopment Plan and Redevelopment Project for the Central Downtown TIF</p> <p>An Ordinance Adopting Tax Increment Redevelopment Plan and Redevelopment Project for the Central Downtown TIF</p>
Presenter:	Rita Tungare, Director of Community & Economic Development

Please check appropriate box:

Government Operations	Government Services
Planning & Development	X City Council – New Business (2/17/15)

Estimated Cost:	N/A	Budgeted:	YES		NO	
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If NO, please explain how item will be funded:

Executive Summary:

The City has hired Kane McKenna and Associates to conduct the required eligibility study and draft the “Central Downtown TIF Redevelopment Plan and Project”. The purpose of this study and plan were to consider the feasibility of establishing of a new TIF district in downtown St. Charles. Upon determination that this area met the eligibility requirements for a new TIF district, the process was started to formally approve and establish this new TIF District. Per the Tax Increment Allocation Redevelopment Act, Illinois Compiled Statutes, Chapter 65, Section 5/11-74.4-1et.seq. (the “TIF Act”), as amended. The following required procedural steps have been completed:

- An ordinance proposing the establishment of the new TIF District was approved on November 17, 2014.
- A Joint Review Board (JRB) was convened on December 16, 2014 to consider the “Central Downtown TIF Redevelopment Plan and Project”. The JRB recommended approval of the redevelopment plan and project. The vote was 6-aye, 1-nay, and 1-abstain.
- A public hearing in front of the City Council, to consider the “Central Downtown TIF Redevelopment Plan and Project”, was convened and closed on January 20, 2015.
- The required waiting period of no less than 14 days and no longer than 90 days to approve the TIF District has been observed.

At this point, all necessary statutory requirements of the TIF Act have been fulfilled, and Staff has placed the necessary ordinances on the City Council agenda to approve the “Central Downtown TIF Redevelopment Project and Plan” and designate the area for tax increment redevelopment financing.

Attachments: *(please list)*

- An Ordinance Approving a Tax Increment Redevelopment Plan and Redevelopment Project for the Central Downtown TIF
- An Ordinance Designating a Tax Increment Redevelopment Plan and Redevelopment Project for the Central Downtown TIF
- An Ordinance Adopting Tax Increment Redevelopment Plan and Redevelopment Project for the Central Downtown TIF

Recommendation / Suggested Action *(briefly explain):*

Motions to approve the following ordinances:

- An Ordinance Approving a Tax Increment Redevelopment Plan and Redevelopment Project for the Central Downtown TIF
- An Ordinance Designating a Tax Increment Redevelopment Plan and Redevelopment Project for the Central Downtown TIF
- An Ordinance Adopting Tax Increment Redevelopment Plan and Redevelopment Project for the Central Downtown TIF

For office use only

Agenda Item Number: 1F-H

City of St. Charles
Ordinance No. 2015-M-__

**An Ordinance Approving a Tax Increment Redevelopment Plan and
Redevelopment Project for the Central Downtown TIF**

WHEREAS, it is desirable and in the best interest of the citizens of the City of St. Charles, Kane and DuPage Counties, Illinois (the "City"), for the City to implement tax increment allocation financing pursuant to the Tax Increment Allocation Redevelopment Act, Division 74.4 of Article 11 of the Illinois Municipal Code, as amended (the "Act"), for a proposed redevelopment and redevelopment project (the "Plan and Project") within the municipal boundaries of the City within a proposed redevelopment project area (the "Area") described in Section 2(a) of this Ordinance, which Area constitutes in the aggregate more than one and one-half acres; and

WHEREAS, pursuant to Section 11-74.4-5 of the Act, the Mayor and City Council (the "Corporate Authorities") called a public hearing relative to the Plan and Project and the designation of the Area as a redevelopment project area under the Act on January 20, 2015; and

WHEREAS, due notice with respect to such hearing was given pursuant to Section 11-74.4-5 of the Act, said notice being given to taxing districts and to the Department of Commerce and Economic Opportunity of the State of Illinois by certified mail on November 21, 2014, by publication on December 23, 2014, and January 6, 2015, and by certified mail to taxpayers within the Area on January 5, 2015; and

WHEREAS, the City has heretofore convened a joint review board on December 16, 2014 as required by and in all respects in compliance with the provisions of the Act; and

WHEREAS, the Corporate Authorities have reviewed the information concerning such factors presented at the public hearing and have reviewed other studies and are generally informed of the conditions in the proposed Area that could cause the Area to be a "Conservation area" as defined in the Act; and

WHEREAS, the Corporate Authorities have reviewed the conditions pertaining to lack of private investment in the proposed Area to determine whether private development would take place in the proposed Area as a whole without the adoption of the proposed Plan; and

WHEREAS, the Corporate Authorities have reviewed the conditions pertaining to real property in the proposed Area to determine whether contiguous parcels of real property and improvements thereon in the proposed Area would be substantially benefited by the proposed Project improvements; and

WHEREAS, the Corporate Authorities have reviewed the proposed Plan and Project and also the existing comprehensive plan for development of the City as a whole to determine whether the proposed Plan and Project conform to the comprehensive plan of the City.

NOW, THEREFORE, BE IT ORDAINED by the Mayor and City Council of the City of St. Charles, Kane and DuPage Counties, Illinois, as follows:

1. That the foregoing recital clauses to this Ordinance are adopted as findings of the Corporate Authorities of the City of St. Charles and are incorporated herein by specific reference.

2. Findings. That the Corporate Authorities hereby make the following findings:

a. The Area is legally described in Exhibit A attached hereto and incorporated herein as if set out in full by this reference. The general street location for the Area is described in Exhibit B attached hereto and incorporated herein as if set out in full by this reference. The map of the Area is depicted on Exhibit C attached hereto and incorporated herein as if set out in full by this reference.

b. There exist conditions that cause the Area to be subject to designation as a redevelopment project area under the Act and to be classified as a Conservation area as defined in Section 11-74.4-3(a) of the Act.

c. The proposed Area on the whole has not been subject to growth and development through investment by private enterprise and would not be reasonably anticipated to be developed without the adoption of the Plan.

d. The Plan and Project conform to the comprehensive plan for the development of the City as a whole.

e. As set forth in the Plan it is anticipated that all obligations incurred to finance redevelopment project costs, if any, as defined in the Plan shall be retired within twenty-three (23) years after the Area is designated.

f. The parcels of real property in the proposed Area are contiguous, and only those contiguous parcels of real property and improvements thereon that will be substantially benefited by the proposed Project improvements are included in the proposed Area.

3. Plan and Project Approved. That the Plan and Project, which were the subject matter of the public hearing held on January 20, 2015, are hereby adopted and approved. A copy of the Plan and Project is set forth in Exhibit D attached hereto and incorporated herein as if set out in full by this reference.

4. Invalidity of Any Section. That 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.

5. Superseder and Effective Date. All ordinances, resolutions, motions, or orders in conflict herewith shall be, and the same hereby are, repealed to the extent of such conflict, and this Ordinance shall be in full force and effect immediately upon its passage by the Corporate Authorities and approval as provided by law.

PRESENTED to the City Council of the City of St. Charles, Illinois this 17th day of February, 2015.

PASSED by the City of Council of the City of St. Charles, Illinois on this 17th day of February, 2015.

APPROVED by the Mayor of the City of St. Charles, Illinois this Illinois this 17th day of February, 2015.

Raymond P. Rogina, Mayor

Attest:

Nancy Garrison, City Clerk

Vote:

Ayes:

Nays:

Absent:

Abstain:

Date: _____

APPROVED AS TO FORM:

City Attorney

DATE: _____

List of Exhibits

EXHIBIT A – Legal Description

EXHIBIT B – General Street Location

EXHIBIT C – Map of Redevelopment Project Area

EXHIBIT D – Redevelopment Plan and Project

EXHIBIT A

LEGAL DESCRIPTION

Beginning at the southwesterly corner of Block 22 in the Original Town of St. Charles, recorded May 8, 1837, in Book 19, page 2; thence southeasterly, 340 feet along the easterly line of 3rd Avenue to the northwest corner of Block 6 of said subdivision; thence southwesterly, 260 feet along the southerly line of Main Street to the northwest corner of Block 4 of said subdivision; thence southeasterly, 608.3 feet along the easterly line of Second Avenue to a line parallel with and 111.7 feet northerly of (as measured along the easterly line thereof) the southerly line of Block 15 in said subdivision; thence westerly, along said parallel line to the westerly line of said Block 15; thence southeasterly, along said westerly line and the southeasterly extension thereof to the easterly extension of the northerly line of Brownstone, recorded January 2, 2001, as Document No. 2001K000149; thence southwesterly, along said extension and said northerly line, to the northwest corner of said Brownstone; thence southeasterly, along the westerly line of said Brownstone to the easterly extension of the southerly line of Lot 7 in Phase I of First Street Redevelopment Subdivision, recorded March 29, 2007, as Document No. 2007K035551; thence South 78 degrees 42 minutes 53 seconds West along said extension and the southerly line of said Lot 7 to the southwest corner thereof; thence North 11 degrees 17 minutes 02 seconds West, 231.95 feet along the west line of Lots 7 and 14 in said subdivision to the northwest corner of said Lot 14; thence North 78 degrees 35 minutes 36 seconds East, 66.48 feet along the north line of said Lot 14 to the northeast corner thereof; thence North 11 degrees 30 minutes 41 seconds West, 25.00 feet along an east line of Lot 5 in said subdivision to the southeast corner of Lot 6 in said subdivision; thence South 78 degrees 35 minutes 36 seconds West, 84.96 feet along the south line of said Lot 6 to the southwest corner thereof; thence North 11 degrees 39 minutes 20 seconds West, 197.00 feet along a westerly line of said Lot 6 to a jog in said westerly line; thence South 78 degrees 20 minutes 40 seconds West, 41.90 feet along said jog to the westerly line of said Lot 6; thence North 11 degrees 13 minutes 55 seconds West along said westerly line and the northerly extension thereof to the southerly line of Lot 3 in the Amended Phase II First Street Redevelopment Subdivision, recorded July 8, 2008, as Document No. 2008K056095; thence North 78 degrees 37 minutes 37 seconds East along the southerly line of said Lot 3 to a curve in said southerly line; thence northeasterly, 44.24 feet along said curve, having a radius 28.00 feet, the chord of said curve bears North 33 degrees 21 minutes 37 seconds East, 39.78 feet to the easterly line of said Lot 3; thence North 11 degrees 54 minutes 23 seconds West, 441.52 feet along the easterly line of Lots 3 and 13 in said subdivision to the northeast corner of said Lot 13; thence North 78 degrees 29 minutes 30 seconds East, 12.31 feet along the easterly extension of the north line of said Lot 13 to the westerly line of 1st Street, according to the plat recorded January 25, 1844, in Book 4, page 342; thence northwesterly, 37.52 feet along said right-of-way to an angle point in said line; thence northwesterly, 59.15 feet along said right-of-way to the northerly line of Block 39 in said Original Town of St. Charles; thence northeasterly along said northerly line to the northeast corner thereof; thence northerly to the southeast corner of the Hotel Baker Subdivision, recorded December 2, 1982, as Document No. 1623173; thence northeasterly along the northerly line of Illinois Route 64 (Main Street) to the southwest corner of Lot 5 in Block 2 of County Clerk's 1899 Assessment Division East of the Fox River; thence continuing northeasterly along the southerly line of said Block 2 to the northwesterly right-of-way line of Illinois Route 64 (Main Street) and 1st Avenue per Document Number 96K045968; thence northeasterly 21.22 feet along said line to the easterly line of said Block 2; thence northwesterly along the westerly line of 1st Avenue to the southeast corner of Block 3 in said

County Clerk's 1899 Assessment Division; thence northeasterly, 580 feet along the north line of Cedar Avenue to the Point of Beginning.

EXHIBIT B

GENERAL STREET LOCATION

The Redevelopment Project Area is generally bounded by 1st Street on the west, 3rd Avenue on the east, Indiana Street on the south and Main Street (west of Fox River) and Cedar Avenue (east of Fox River) on the north.

EXHIBIT C

MAP OF REDEVELOPMENT PROJECT AREA



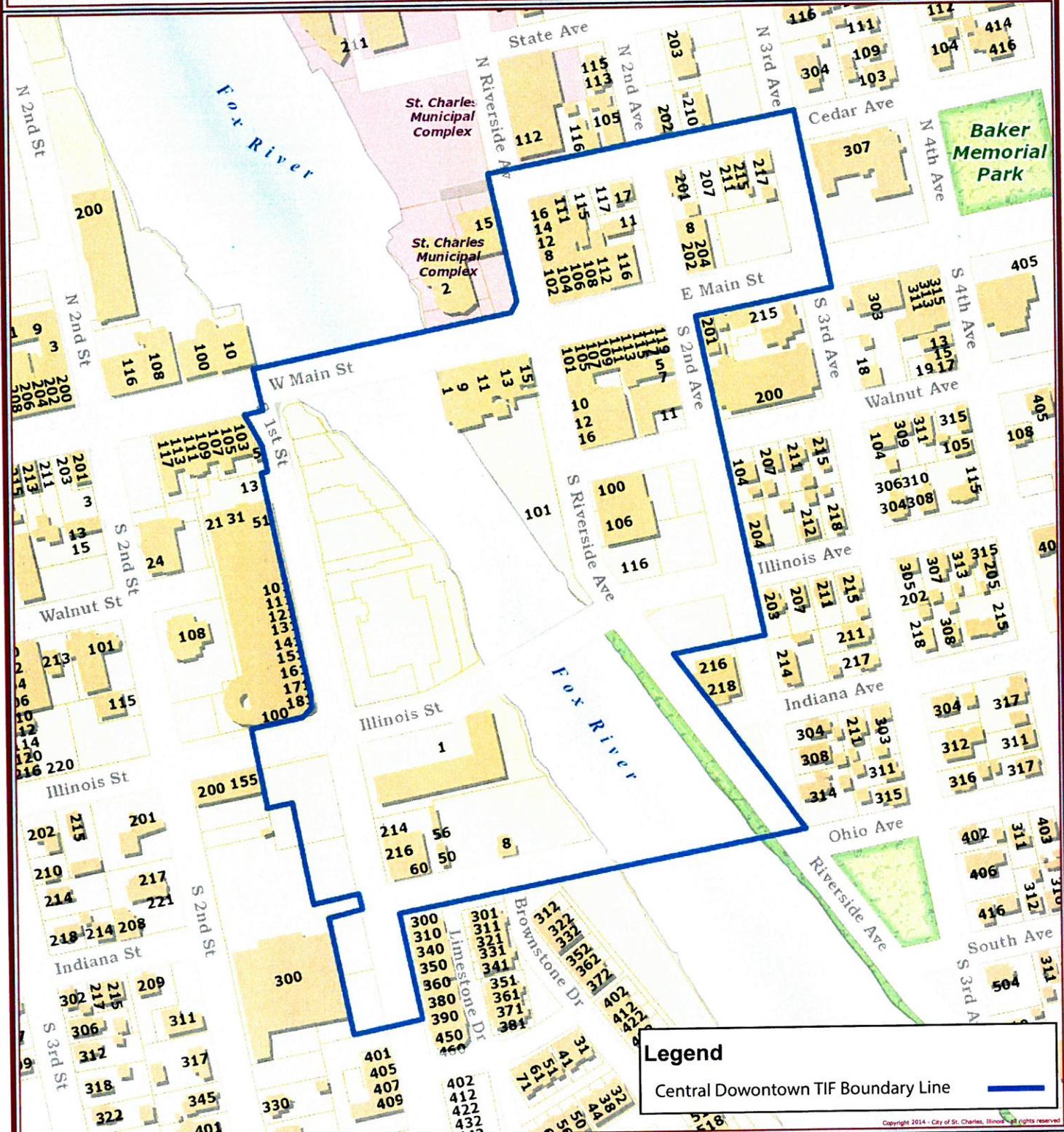
City of St. Charles, Illinois

Two East Main Street St. Charles, IL 60174-1984
Phone: 630-377-4400 Fax: 630-377-4440 www.stcharlesil.gov

Precision GIS

RAYMOND ROGINA
MARK KOENEN

Mayor
City Administrator



Legend

Central Downtown TIF Boundary Line 

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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
Printed on: September 26, 2014 11:00 AM



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EXHIBIT D

REDEVELOPMENT PLAN AND PROJECT

CITY OF ST. CHARLES, ILLINOIS

**CENTRAL DOWNTOWN TIF
REDEVELOPMENT PLAN AND PROJECT**

“Redevelopment Plan” means the comprehensive program of the municipality for development or redevelopment intended by the payment of redevelopment project costs to reduce or eliminate those conditions the existence of which qualified the redevelopment project area as a “blighted area” or “conservation area” or combination thereof or “industrial park conservation area”, and thereby to enhance the tax bases of the taxing districts which extend into the redevelopment project area as set forth in the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-3, et. seq., as amended.

Prepared for: City of St. Charles, Illinois

Prepared by: Kane, McKenna and Associates, Inc.

November 2014

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LIST OF EXHIBITS

EXHIBITS

- EXHIBIT A - Legal Description
- EXHIBIT B - Boundary Map
- EXHIBIT C - Existing Land Use Map
- EXHIBIT D - Proposed Land Use Map
- EXHIBIT E - TIF Qualification Report

I. INTRODUCTION

The City of St. Charles (the “City”) is a home rule municipality located in Kane and DuPage Counties, approximately thirty-five (35) miles west of Chicago. The City lies adjacent to the municipalities of Wayne to the north, West Chicago to the east, Geneva to the south, and Campton Hills to the west.

In the context of planning for the Central Downtown Redevelopment Project Area, the City has initiated actions related to the study of an area, in the commercial district of St. Charles, in its entirety to determine whether it qualifies for consideration as a Tax Increment Financing (“TIF”) District pursuant to the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-3, *et. seq.*, as amended (the “Act”). The City proposes a Tax Increment Financing (“TIF”) Redevelopment Plan (the “Plan”) to assist an area in overcoming a number of redevelopment barriers. Kane, McKenna and Associates, Inc. (KMA) has been retained by the City of St. Charles to conduct an analysis of the qualification of an area that would result in the establishment of the Central Downtown Tax Increment Finance District (the “TIF District,” “Redevelopment Project Area,” or “RPA”), and to assist the City in drafting this Plan. The City is pursuing the designation of the TIF District as part of its strategy to promote the revitalization of key under-utilized properties located within the City. The Qualification report detailing the area eligibility is attached as Exhibit E.

TIF Plan Requirements

The City is completing this Plan as required by the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-3, *et. seq.*, as amended (the “Act”). To establish the Downtown TIF District the City must adopt the Plan and a TIF Qualification Report.

The Act enables Illinois municipalities to establish TIF districts, either to eliminate the presence of blight or to prevent its onset. The Act finds that municipal TIF authority serves a public interest so as to: “promote and protect the health, safety, morals, and welfare of the public, that blighted conditions need to be eradicated and conservation measures instituted, and that redevelopment of such areas to be undertaken; that to remove and alleviate adverse conditions it is necessary to encourage private investment and restore and enhance the tax base of the taxing districts in such areas by the development or redevelopment of project areas” (65 ILCS 5/11-74.4-2[b]).

By definition, a TIF “Redevelopment Plan” means the comprehensive program of the municipality for development or redevelopment intended by the payment of redevelopment project costs to reduce or eliminate those conditions, the existence of which qualify the redevelopment project area as a “blighted area,” “conservation area” (or combination thereof), or “industrial park conservation area,” and thereby to enhance the tax bases of the taxing districts which extend into the redevelopment project area as set forth in the Tax Increment Allocation Redevelopment Act.

Community Background

The City has a long on prosperous history dating back to the 1830s. The City was founded and incorporated in 1834 as Charleston but changed its name its name to St.

Charles in 1839. The City sits on the Fox River and traces its founding and economic history to its transportation network including the river and later the railways and highways. The City is intersected by Illinois State Routes 25, 31, 38, and 64. In 2012 the City had a population of 33,046 which is a 16% increase over the City's population 27,896 in 2000.¹ In 2012, the workforce was 18,516 or 71.4% of the population participated in the labor force which is almost exactly the same workforce participation as in 2000.² In 2012 14.1% of the population was 65 years or older. The 65+ age group has grown from 10.2% in 2000 to 14.1% in 2012.³ These figures give a snapshot of city where the population is increasing but also aging slightly while workers continue to work longer.

The TIF District

The RPA straddles the Fox River encompassing two bridges and a part of the commercial district in St. Charles. The RPA is generally bounded by South 1st Street on the west, South 3rd Avenue on the east, Indiana Street on the south and Main Street (west of Fox River) and Cedar Avenue (east of Fox River) on the north. Most of the uses within this area are retail/commercial, institutional, parking with some residential above commercial uses. The RPA boundaries encompass some of the City's historical downtown area. The RPA consists of approximately sixty-one (61) tax parcels and thirty-three (33) structures. The area is 23.87 acres in size including the right of ways and the Fox River.

The downtown area for St. Charles is an area of economic and cultural importance for the City. The RPA is identified in numerous planning documents as an area for planned concentration and importance. The RPA is deemed an area that the City should invest in and use economic development tools like TIF to encourage private investment. This Plan reflects the strategies identified in the previous City Plans and also the importance of the downtown area for St. Charles. The 2013 Comprehensive Plan identifies portions of the RPA in Subarea Plan due to its importance to City.

The downtown of St. Charles and the RPA has been the subject of planning and economic development efforts in the past. The City has identified its singularity and importance in the following documents:

- 2014 Strategic Plan
- 2013 Comprehensive Plan
- 2002 River Corridor Master Plan
- 2000 Downtown Strategy Plan

The confluence of the riverfront and the commercial district make the RPA a driving force in the St. Charles economy and identity. This Plan reflects the important nature of the RPA and will establish parameters for redevelopment under the TIF Act.

¹ 2012 ACS 5-Year estimates, DP05: ACS Demographic and Housing Estimates; 2000 Census SF-1, DP-1: Profile of General Demographic

² 2012 ACS 5-Year estimates, DP03: Selected Economic Characteristics; 2000 Census SF-3, DP-3: Profile of Selected Economic Data.

³ 2012 ACS 5-Year estimates, S0101: Age and Sex; 2000 Census SF-1, DP-1: Profile of General Demographic Characteristics.

The TIF District has multiple land-uses but is mainly made up of retail/commercial, institutional, parking and some residential above commercial uses. The RPA has seen some investment in the recent years since the easing of the recession but these investments need to be leveraged and protected for sustainable development.

Rationale for Redevelopment

The City recognizes the need for implementation of a strategy to stabilize and encourage more investment in the RPA due to its pivotal nature within the City. The analysis performed by KMA in conjunction with the guidance from the City's Comprehensive Plan and subsequent planning documents conclude that without further action by both public and private parties, disinvestment or under-investment is a possibility. The needed private investment to accomplish these goals may only be possible if TIF is adopted pursuant to the terms of the Act. Incremental property tax revenue generated by the development will play a decisive role in encouraging private development. Existing conditions that may have precluded intensive private investment in the past may be eliminated. Ultimately, the implementation of the Plan will benefit the City and all the taxing districts, which encompass the area in the form of a significantly expanded tax base.

The designation of the area as a Redevelopment Project Area will allow the City to address area wide deficiencies. The City can use the provisions in the TIF Act to develop actions for the redevelopment of the RPA including but not limited to the following:

- Providing viable uses/redevelopment for the properties located within the RPA;
- Establishing a pattern of land-use activities that will increase efficiency and economic relationships, especially as such uses complement adjacent commercial, retail, residential, recreational, institutional and other City redevelopments;
- Providing infrastructure that is adequate in relation to City redevelopment plans;
- Provision for roadway and traffic improvements within the area, including the continued review of ingress and egress requirements that satisfy area circulation, parking and connections to major arterials;
- Entering into redevelopment agreements in order to include the redevelopment of property and/or to induce new development to locate within the RPA;
- Improving area appearance through rehabilitation of structures, landscape, streetscape and signage programs; and

- Coordinating land and facilitating assembly in order to provide sites for more modern redevelopment plans.

The adoption of this Plan makes possible the implementation of a comprehensive program for the economic redevelopment of the area. By means of public investment, the RPA will become a more viable area that will attract private investment. The public investment will set the stage for the redevelopment of the area with private capital. This in turn will lead to the retention, expansion and attraction of commercial and other development into the City in general and the RPA in particular.

The Redevelopment Plan

The City recognizes the need for implementation of a strategy to revitalize existing properties within the boundaries of the RPA and to stimulate and enhance private development. Private investment attraction and expansion are key components of the strategy. The needed private investment may only be possible if tax increment financing (TIF) is adopted pursuant to the terms of the Tax Increment Allocation Redevelopment Act (the "Act") Illinois Compiled Statutes, Chapter 65, Section 5/11-74.4-1 et seq., as amended. Incremental property tax revenue generated by redevelopment activities will play a decisive role in encouraging private redevelopment. Site conditions that may have precluded intensive private investment in the past will be eliminated. Ultimately, the implementation of the Redevelopment Plan and Project will benefit the City and all the taxing districts which encompass the area in the form of a significantly expanded tax base.

The area on the whole would not reasonably be anticipated to be redeveloped in a coordinated manner without the adoption of a Redevelopment Plan and Project. The City, with the assistance of Kane, McKenna and Associates, Inc. has commissioned this Redevelopment Plan and Project to use tax increment financing in order to address local needs and to meet redevelopment goals and objectives.

The adoption of this Redevelopment Plan and Project makes possible the implementation of a comprehensive program for the economic redevelopment of the area. By means of public investment, the RPA may become a more viable area that may attract more private investment. The public investment can set the stage for the redevelopment of the area with private capital. This in turn will lead to operation of viable mixed residential, retail, commercial and institutional uses within the area.

Pursuant to the Act, the RPA includes only those contiguous parcels of real property and improvements thereon substantially benefited by the redevelopment project. Also pursuant to the Act, the area is not less in the aggregate than 1½ acres.

Through this Redevelopment Plan and Project, the City will serve as a force for marshalling the assets and energies of the private sector for a unified cooperative public-private redevelopment effort. Ultimately, the implementation of the Redevelopment Plan and Project will benefit the City and all the taxing districts which encompass the RPA in the form of a stabilized and expanded tax base and creation of new employment

and investment opportunities within the City as a result of new private redevelopment in the area.

Housing Impact

It is further found, and certified by the City, in connection to the process required for the adoption of this Plan and Project pursuant to 65 ILCS Section 5/11-74.4.3(n)(5) of the Act, that this Plan and Project will not result in the displacement of 10 or more inhabited residential units. Therefore, this Plan and Project does not include a housing impact study.

Summary

It is found and declared by the City that in order to promote and protect the health, safety, and welfare of the public, that certain conditions that have adversely affected redevelopment within the RPA need to be addressed, and that redevelopment of such areas must be undertaken; and, to alleviate the existing adverse conditions, it is necessary to encourage private investment and enhance the tax base of the taxing districts by the development or redevelopment of certain areas. Public/private partnerships are determined to be necessary in order to achieve redevelopment goals. Without the redevelopment focus and resources provided under the Act, the redevelopment goals of the municipality would not reasonably be expected to be achieved.

It is found and declared by the City that the use of incremental tax revenues derived from the tax rates of various taxing districts in the Redevelopment Project Area for the payment of redevelopment project costs is of benefit to said taxing districts. This is because these taxing districts whose jurisdictions are included in the Redevelopment Project Area would not derive the benefits of an increased assessment base without addressing the coordination of redevelopment.

The redevelopment activities that will take place within the RPA will produce benefits that are reasonably distributed throughout the RPA.

Redevelopment of the RPA is tenable only if a portion of the improvements and other costs are funded by TIF.

II. REDEVELOPMENT PROJECT AREA LEGAL DESCRIPTION

The Redevelopment Project Area legal description is attached in Exhibit A.

III. REDEVELOPMENT PROJECT AREA GOALS AND OBJECTIVES

The following goals and objectives are presented for the RPA in conformance with the City's Comprehensive Plan (including any amendments thereto).

General Goals of the City

- A) Develop attractive and highly functional retail and commercial areas that are market responsive, create a diverse tax base, and serve the needs of the City's residents, and in some areas, larger regional markets.
- B) Enhance the economic viability, productivity, appearance and function of the City's commercial corridors.
- C) Revitalize Downtown St. Charles as the symbolic "heart" of the community and enhance its role as the City's primary mixed use pedestrian environment.
- D) To strengthen the property tax base of the City and overlapping tax districts.
- E) To create new jobs and retain existing jobs for City and area residents.
- F) To coordinate all redevelopment within the City in a comprehensive manner, avoiding adjacent land use conflicts and negative community impacts.
- G) To create a cooperative partnership between City and private redevelopment entities.

Specific Objectives for the RPA

- 1) Continue to revitalize Downtown with a mixture of uses including commercial, office, restaurant, and residential.
- 2) Focus efforts and resources on development projects that are likely to catalyze other investment based on the population and benefits they bring to the Downtown.
- 3) Promote new infill development in the Downtown area and encourage the consolidation of smaller development parcels where possible to foster larger, more coordinated development opportunities.
- 4) Strengthen or enhance or improve the pedestrian environment on Main Street as the heart of the Downtown area by working closely with IDOT to mitigate the impacts of truck and vehicular traffic, and coordinating pedestrian improvements with roadway enhancements, streetscaping, and private development.
- 5) Consider establishing a program to assist with improvements to existing buildings that bring them to current codes and standards so that they can sustain occupancy and market competitiveness.
- 6) Manage truck traffic in Downtown, to the extent possible given IDOT jurisdiction over several significant corridors, so that it does not negatively impact the character and functionality of the area for patrons, residents and business owners.

Redevelopment Objectives

The purpose of the RPA designation will allow the City to:

- I. Assist in coordinating redevelopment activities within the RPA in order to provide a positive marketplace signal;
- II. Reduce or eliminate negative factors as more fully described in the TIF Eligibility Report, present within the area. These factors include inadequate utilities, lack of community planning, deterioration, obsolescence, excessive land coverage and deleterious layout;
- III. Accomplish redevelopment over a reasonable time period;
- IV. Provide for high quality development within the RPA; and
- V. Provide for an attractive overall appearance of the area.

Measuring Results

The implementation of the Redevelopment Project will serve to improve the physical appearance of the RPA and contribute to the economic development of the area. The

implementation of the RPA will provide new employment opportunities for community and City residents.

To track success in meeting RPA-specific objectives and strategies, the City may wish to consider establishing certain performance measures that would help the City monitor the projects to be undertaken within the RPA.

The Government Finance Officers Association recommends that municipalities adopting TIF districts evaluate actual against projected performance (e.g., using metrics such as job creation or tax revenue generation). Table 1 below identifies the types of performance measures the City may consider to track the performance of projects within the RPA. (Section VI of this Plan discusses the types of projects that the City may pursue within the RPA, with the caveat that specific projects at this point are only conceptual in nature.)

Table 1
Examples of TIF Performance Measures

Measure	Examples
Input	Public investment Private investment Acres of land assembled for TIF
Output/Workload	Jobs created or retained Number of streetscaping fixtures installed Commercial space created (square feet)
Efficiency	Leverage ratio (private investment / public investment) Cost per square foot of commercial space Public subsidies per job created/retained
Effectiveness	Change in assessed value (AV) in TIF versus AV in rest of City Change in AV within TIF before and after TIF creation Municipal sales taxes before and after TIF creation
Risk	Debt coverage ratio Credit ratings of anchor tenants Tenant diversification (e.g., percent of total TIF EAV attributable to top 10 tenants in commercial development)

Source: *An Elected Official's Guide to Tax Increment Financing*, Government Finance Officers Association.

IV. LACK OF DEVELOPMENT, GROWTH AND FISCAL IMPACT ON TAXING DISTRICTS

Evidence of the Lack of Development and Growth within the RPA

As documented in Exhibit E of this Plan, the RPA has suffered from a lack of development and the RPA would qualify as a conservation area. In recent years, the area has not benefited from sustained private investment and/or redevelopment. Absent intervention by the City, properties within the RPA would not be likely to increase in market value.

The RPA exhibits various conditions which, if not addressed by the City, would eventually worsen. These various conditions discourage private sector investment in business enterprises. Consequently, the City finds that actions taken, at least in part, through the implementation of this plan will significantly mitigate such problems.

Assessment of Fiscal Impact on Affected Taxing Districts

It is not anticipated that the implementation of this Plan will have a negative financial impact on the affected taxing districts. Instead, action taken by the City to stabilize and cause growth of its tax base through the implementation of this Plan will have a *positive impact* on the affected taxing districts by arresting the potential decline or lag in property values, as measured by assessed valuations (AV). In short, the establishment of a TIF district would protect other taxing districts from the potential downside risk of falling AV.

Since there is the potential for new development, the City may permit new residential development to occur within the RPA. As such, there could be an increased burden placed on the area's school districts. To the extent that such development does occur, and school age children result from new community arrivals, the elementary and high school taxing districts could potentially be affected. In addition, the library district would also be provided per the TIF Act provisions, if patrons are increased. The City has made allowances in this plan and project for revenue distributions to such taxing districts and will follow the guidelines provided by the Act to compensate the districts at levels dictated by the precise increase in students.

Any surplus Special Tax Allocation Funds (to the extent any surplus exists) will be shared in proportion to the various tax rates imposed by the taxing districts, including the City. Any such sharing would be undertaken after all TIF-eligible costs – either expended or incurred as an obligation by the City – have been duly accounted for through administration of the Special Tax Allocation Fund to be established by the City as provided by the Act.

V. TIF QUALIFICATION FACTORS EXISTING IN THE REDEVELOPMENT PROJECT AREA

Findings

The RPA was studied to determine its qualifications under the Tax Increment Allocation Redevelopment Act. It was determined that the area as a whole qualifies as a TIF district as a “conservation area” under Illinois law. Refer to the TIF Qualification Report, (Exhibit E) which is attached as part of this Plan.

Eligibility Survey

The RPA was evaluated beginning in August of 2014 and continuing to the date of this report by representatives of Kane, McKenna and Associates, Inc., (KMA) and City staff. Analysis was aided by certain reports obtained from the City and other sources. In KMA’s evaluation, only information was recorded which would directly aid in the determination of eligibility for a TIF district.

VI. REDEVELOPMENT PROJECT

Plan Objectives

As indicated in Section III of this Plan, the City has established a planning process which guides economic development and land use activities throughout the City. Consistent with the established planning process, the City proposes to achieve economic development goals and objectives through the redevelopment of the Downtown RPA, pursuit of projects within the RPA, and the promotion of private investment via public financing techniques, including but not limited to tax increment financing.

The project-specific objectives envisioned for the Downtown RPA are as follows:

- 1) Implementing a plan that provides for the attraction of users to redevelop underutilized land and buildings that are available within the RPA.
- 2) Constructing public improvements which may include (if necessary):
 - Street and sidewalk improvements (including new street construction and widening of current streets; any street widening would conform with City standards for context-sensitive design);
 - Utility improvements (including, but not limited to, water, stormwater management, and sanitary sewer projects consisting of construction and rehabilitation);
 - Signalization, traffic control and lighting;
 - Off-street parking and public parking facilities; and
 - Landscaping and beautification.
- 3) Entering into Redevelopment Agreements with developers for qualified redevelopment projects, including (but not limited to) the provision of an interest rate subsidy as allowed under the Act.
- 4) Providing for site preparation, clearance, environmental remediation, and demolition, including grading and excavation, as provided for under the TIF Act.
- 5) By the redevelopment of certain buildings through necessary rehabilitation and improvement of structures.
- 6) Exploration and review of job training programs in coordination with any City, federal, state, and county programs.
- 7) By entering into agreements with other public bodies for the development or construction of public facilities and infrastructure.

Redevelopment Activities

Pursuant to the project objectives cited above, the City will implement a coordinated program of actions. These include, but are not limited to, acquisition, site preparation, clearance, demolition, provision of public infrastructure and related public improvements, and rehabilitation of structures, if necessary. Such activities conform to the provision of the TIF Act that define the scope of permissible redevelopment activities.

Site Preparation, Clearance, and Demolition

Property within the RPA may be acquired and improved through the use of site clearance, excavation, environmental remediation or demolition prior to redevelopment. The land may also be graded and cleared prior to redevelopment.

Land Assembly

Certain properties in the RPA may be acquired, assembled and reconfigured into appropriate redevelopment sites. Relocation may also be required and the City would conform to the provisions of the Act.

Public Improvements

The City may, but is not required to, provide public improvements in the RPA to enhance the immediate area and support the Plan. Appropriate public improvements may include, but are not limited to:

- Improvements and/or construction of public utilities including extension of water mains as well as sanitary and storm sewer systems, detention facilities, roadways, and traffic-related improvements;
- Parking facilities (on grade and parking structures);
- Beautification, identification markers, landscaping, lighting, signage of public right-of-ways, and other elements of a streetscaping program; and
- Construction of new (or rehabilitation of existing) public facilities to allow for the redevelopment of the existing sites for new retail/commercial, mixed use, or light industrial uses.

Rehabilitation

The City may provide for the rehabilitation of certain structures within the RPA in order to provide for the redevelopment of the area and conform to City code provisions. Improvements may include exterior and facade-related work as well as interior-related work.

Interest Rate Write-Down

The City may enter into agreements with for-profit or non-profit owners/developers whereby a portion of the interest cost for construction, renovation or rehabilitation projects are paid for out of the Special Tax Allocation Fund of the RPA, in accordance with the Act.

Job Training

The City may assist facilities and enterprises located within the RPA in obtaining job training assistance. Job training and retraining programs currently available from or through other governments include, but are not limited to:

- Federal programs;
- State of Illinois programs;
- Applicable local vocational educational programs, including community college sponsored programs; and
- Other federal, state, county or non-profit programs that are currently available or will be developed and initiated over time.

School and Library Districts Costs

The City may provide for payment of school and library districts costs as provided for in the Act relating to residential components assisted through TIF funding.

General Land Use Plan

As noted in Section I of this Plan, the RPA currently contains primarily retail and commercial uses with some institutional and residential. Existing land uses are shown in Exhibit C attached hereto and made a part of this Plan. Exhibit D designates future land uses in the Redevelopment Project Area. Future land uses will conform to the Zoning Ordinance and the comprehensive planning process as either may be amended from time to time.

Additional Design and Control Standards

The appropriate design standards (including any Planned Unit Developments) as set forth in the City's Zoning Ordinance and the comprehensive planning process shall apply to the RPA.

Eligible Redevelopment Project Costs

Under the Act, redevelopment project costs mean and include the sum total of all reasonable or necessary costs incurred or estimated to be incurred as well as any such costs incidental to the Plan. (Private investments, which supplement "Redevelopment Project Costs," are expected to substantially exceed such redevelopment project costs.) Eligible costs permitted by the Act and pertaining to this Plan include:

- (1) *Professional Service Costs* – Costs of studies, surveys, development of plans, and specifications, implementation and administration of the redevelopment plan including but not limited to staff and professional service costs for architectural, engineering, legal, financial, planning or other services, provided however that no charges for professional services may be based on a percentage of the tax increment collected; except that on and after November 1, 1999 (the effective date of Public Act 91-478), no contracts for professional services, excluding architectural and engineering services, may be entered into if the terms of the contract extend beyond a period of 3 years. After consultation with the municipality, each tax increment consultant or advisor to a municipality that plans to designate or has designated a redevelopment project area shall inform the municipality in writing of any contracts that the consultant or advisor has entered into with entities or individuals that have received, or are receiving, payments financed by tax increment revenues produced by the redevelopment project area with respect to which the consultant or advisor has performed, or will be performing, service for the municipality. This requirement shall be satisfied by the consultant or advisor before the commencement of services for the municipality and thereafter whenever any other contracts with those individuals or entities are executed by the consultant or advisor;
- The cost of marketing sites within the redevelopment project area to prospective businesses, developers, and investors;
 - Annual administrative costs shall *not* include general overhead or administrative costs of the municipality that would still have been incurred by the municipality if the municipality had not designated a redevelopment project area or approved a redevelopment plan;
 - In addition, redevelopment project costs shall *not* include lobbying expenses;
- (2) *Property Assembly Costs* – Costs including but not limited to acquisition of land and other property (real or personal) or rights or interests therein, demolition of buildings, site preparation, site improvements that serve as an engineered barrier addressing ground level or below ground environmental contamination, including, but not limited to parking lots and other concrete or asphalt barriers, and the clearing and grading of land;

- (3) *Improvements to Public or Private Buildings* – Costs of rehabilitation, reconstruction, repair, or remodeling of existing public or private buildings, fixtures, and leasehold improvements; and the cost of replacing an existing public building if pursuant to the implementation of a redevelopment project the existing public building is to be demolished to use the site for private investment or devoted to a different use requiring private investment; including any direct or indirect costs relating to Green Globes⁴ or LEED-certified construction elements or construction elements with an equivalent certification per the TIF Act;
- (4) *Public Works* – Costs of the construction of public works or improvements, including any direct or indirect costs relating to Green Globes or LEED certified construction elements or construction elements with an equivalent certification, except that on and after November 1, 1999, redevelopment project costs shall not include the cost of constructing a new municipal public building principally used to provide offices, storage space, or conference facilities or vehicle storage, maintenance, or repair for administrative, public safety, or public works personnel and that is not intended to replace an existing public building as provided under paragraph (3) of subsection (q) of Section 11-74.4-3 unless either (i) the construction of the new municipal building implements a redevelopment project that was included in a redevelopment plan that was adopted by the municipality prior to November 1, 1999 or (ii) the municipality makes a reasonable determination in the redevelopment plan, supported by information that provides the basis for that determination, that the new municipal building is required to meet an increase in the need for public safety purposes anticipated to result from the implementation of the redevelopment plan;
- (5) *Job Training* – Costs of job training and retraining projects, including the cost of "welfare to work" programs implemented by businesses located within the redevelopment project area;
- (6) *Financing Costs* – Costs including but not limited to all necessary and incidental expenses related to the issuance of obligations and which may include payment of interest on any obligations issued hereunder including (a) interest accruing during the estimated period of construction of any redevelopment project for which such obligations are issued and for a period not exceeding 36 months thereafter and (b) reasonable reserves related thereto;
- (7) *Capital Costs* – To the extent the municipality by written agreement accepts and approves the same, all or a portion of a taxing district's capital costs resulting from the redevelopment project necessarily incurred or to be incurred within a taxing district in furtherance of the objectives of the Plan;

⁴ Green Globes is an environmental assessment and certification program for commercial buildings, operated by the Green Buildings Initiative.

- (8) *School-Related Costs* – For redevelopment project areas designated (or redevelopment project areas amended to add or increase the number of tax-increment-financing assisted housing units) on or after November 1, 1999, an elementary, secondary, or unit school district's increased costs attributable to assisted housing units located within the redevelopment project area for which the developer or redeveloper receives financial assistance through an agreement with the municipality or because the municipality incurs the cost of necessary infrastructure improvements within the boundaries of the assisted housing sites necessary for the completion of that housing as authorized by the Act, and which costs shall be paid by the municipality from the Special Tax Allocation Fund when the tax increment revenue is received as a result of the assisted housing units and shall be calculated annually.⁵

Any school district seeking payment shall, after July 1 and before September 30 of each year, provide the municipality with reasonable evidence to support its claim for reimbursement before the municipality shall be required to approve or make the payment to the school district. If the school district fails to provide the information during this period in any year, it shall forfeit any claim to reimbursement for that year. School districts may adopt a resolution waiving the right to all or a portion of the reimbursement otherwise required by the Act. By acceptance of this reimbursement the school district waives the right to directly or indirectly set aside, modify, or contest in any manner the establishment of the redevelopment project area or projects. Certain library district costs may also be paid as provided for in the Act;

⁵ The calculation is as follows: (A) for foundation districts, excluding any school district in a municipality with a population in excess of 1,000,000, by multiplying the district's increase in attendance resulting from the net increase in new students enrolled in that school district who reside in housing units within the redevelopment project area that have received financial assistance through an agreement with the municipality or because the municipality incurs the cost of necessary infrastructure improvements within the boundaries of the housing sites necessary for the completion of that housing as authorized by the Act since the designation of the redevelopment project area by the most recently available per capita tuition cost as defined in Section 10-20.12a of the School Code less any increase in general State aid as defined in Section 18-8.05 of the School Code attributable to these added new students subject to the following annual limitations: (i) for unit school districts with a district average 1995-96 Per Capita Tuition Charge of less than \$5,900, no more than 25% of the total amount of property tax increment revenue produced by those housing units that have received tax increment finance assistance under the Act; (ii) for elementary school districts with a district average 1995-96 Per Capita Tuition Charge of less than \$5,900, no more than 17% of the total amount of property tax increment revenue produced by those housing units that have received tax increment finance assistance under the Act; and (iii) for secondary school districts with a district average 1995-96 Per Capita Tuition Charge of less than \$5,900, no more than 8% of the total amount of property tax increment revenue produced by those housing units that have received tax increment finance assistance under the Act. (B) For alternate method districts, flat grant districts, and foundation districts with a district average 1995-96 Per Capita Tuition Charge equal to or more than \$5,900, excluding any school district with a population in excess of 1,000,000, by multiplying the district's increase in attendance resulting from the net increase in new students enrolled in that school district who reside in housing units within the redevelopment project area that have received financial assistance through an agreement with the municipality or because the municipality incurs the cost of necessary infrastructure improvements within the boundaries of the housing sites necessary for the completion of that housing as authorized by the Act since the designation of the redevelopment project area by the most recently available per capita tuition cost as defined in Section 10-20.12a of the School Code less any increase in general state aid as defined in Section 18-8.05 of the School Code attributable to these added new students subject to the following annual limitations: (i) for unit school districts, no more than 40% of the total amount of property tax increment revenue produced by those housing units that have received tax increment finance assistance under the Act; (ii) for elementary school districts, no more than 27% of the total amount of property tax increment revenue produced by those housing units that have received tax increment finance assistance under the Act; and (iii) for secondary school districts, no more than 13% of the total amount of property tax increment revenue produced by those housing units that have received tax increment finance assistance under the Act. (C) For any school district in a municipality with a population in excess of 1,000,000, additional provisions apply.

- (9) *Relocation Costs* – To the extent that a municipality determines that relocation costs shall be paid or is required to make payment of relocation costs by federal or State law or in order to satisfy subparagraph (7) of subsection (n) of the Act;
- (10) *Payment in Lieu of Taxes*;
- (11) *Other Job Training* – Costs of job training, retraining, advanced vocational education or career education, including but not limited to courses in occupational, semi-technical or technical fields leading directly to employment, incurred by one or more taxing districts, provided that such costs (i) are related to the establishment and maintenance of additional job training, advanced vocational education or career education programs for persons employed or to be employed by employers located in a redevelopment project area; and (ii) when incurred by a taxing district or taxing districts other than the municipality, are set forth in a written agreement by or among the municipality and the taxing district or taxing districts, which agreement describes the program to be undertaken, including but not limited to the number of employees to be trained, a description of the training and services to be provided, the number and type of positions available or to be available, itemized costs of the program and sources of funds to pay for the same, and the term of the agreement. Such costs include, specifically, the payment by community college districts of costs pursuant to Sections 3-37, 3-38, 3-40 and 3-40.1 of the Public Community College Act and by school districts of costs pursuant to Sections 10-22.20a and 10-23.3a of The School Code;
- (12) *Developer Interest Cost* – Interest cost incurred by a redeveloper related to the construction, renovation or rehabilitation of a redevelopment project provided that:
- (A) Such costs are to be paid directly from the special tax allocation fund established pursuant to the Act;
 - (B) Such payments in any one year may not exceed 30% of the annual interest costs incurred by the redeveloper with regard to the redevelopment project during that year;
 - (C) If there are not sufficient funds available in the special tax allocation fund to make the payment then the amounts so due shall accrue and be payable when sufficient funds are available in the special tax allocation fund;
 - (D) The total of such interest payments paid pursuant to the Act may not exceed 30% of the total (i) cost paid or incurred by the redeveloper for the redevelopment project plus (ii) redevelopment project costs excluding any property assembly costs and any relocation costs incurred by a municipality pursuant to the Act;
 - (E) The cost limits set forth in subparagraphs (B) and (D) of paragraph shall be modified for the financing of rehabilitated or new housing units for low-income households and very low-income households, as defined in Section 3 of the Illinois Affordable Housing Act. The percentage of 75% shall be substituted for 30% in subparagraphs (B) and (D); and

(F) Instead of the eligible costs provided by subparagraphs (B) and (D), as modified by this subparagraph, and notwithstanding any other provisions of the Act to the contrary, the municipality may pay from tax increment revenues up to 50% of the cost of construction of new housing units to be occupied by low-income households and very low-income households as defined in Section 3 of the Illinois Affordable Housing Act. The cost of construction of those units may be derived from the proceeds of bonds issued by the municipality under the Act or other constitutional or statutory authority or from other sources of municipal revenue that may be reimbursed from tax increment revenues or the proceeds of bonds issued to finance the construction of that housing. The eligible costs provided under this subparagraph (F) shall be an eligible cost for the construction, renovation, and rehabilitation of all low and very low-income housing units, as defined in Section 3 of the Illinois Affordable Housing Act, within the redevelopment project area. If the low and very low-income units are part of a residential redevelopment project that includes units not affordable to low and very low-income households, only the low and very low-income units shall be eligible for benefits under subparagraph (F).⁶

The TIF Act prohibits certain costs. Unless explicitly stated herein the cost of construction of new privately-owned buildings shall not be an eligible redevelopment project cost. In addition, the statute prohibits costs related to retail development that results in the closing of nearby facilities of the same retailers. Specifically, none of the redevelopment project costs enumerated in the Act shall be eligible redevelopment project costs if those costs would provide direct financial support to a retail entity initiating operations in the redevelopment project area while terminating operations at another Illinois location within 10 miles of the redevelopment project area but outside the boundaries of the redevelopment project area municipality.⁷

No cost shall be a redevelopment project cost in a redevelopment project area if used to demolish, remove, or substantially modify a historic resource, after August 26, 2008, unless no prudent and feasible alternative exists. "Historic Resource" means (i) a place or structure that is included or eligible for inclusion on the National Register of Historic Places or (ii) a contributing structure in a district on the National Register of Historic

⁶ The standards for maintaining the occupancy by low-income households and very low-income households, as defined in Section 3 of the Illinois Affordable Housing Act, of those units constructed with eligible costs made available under the provisions of this subparagraph (F) of paragraph (11) shall be established by guidelines adopted by the municipality. The responsibility for annually documenting the initial occupancy of the units by low-income households and very low-income households, as defined in Section 3 of the Illinois Affordable Housing Act, shall be that of the then current owner of the property. For ownership units, the guidelines will provide, at a minimum, for a reasonable recapture of funds, or other appropriate methods designed to preserve the original affordability of the ownership units. For rental units, the guidelines will provide, at a minimum, for the affordability of rent to low and very low-income households. As units become available, they shall be rented to income-eligible tenants. The municipality may modify these guidelines from time to time; the guidelines, however, shall be in effect for as long as tax increment revenue is being used to pay for costs associated with the units or for the retirement of bonds issued to finance the units or for the life of the redevelopment project area, whichever is later.

⁷ Termination means a closing of a retail operation that is directly related to the opening of the same operation or like retail entity owned or operated by more than 50% of the original ownership in a redevelopment project area, but it does not mean closing an operation for reasons beyond the control of the retail entity, as documented by the retail entity, subject to a reasonable finding by the municipality that the current location contained inadequate space, had become economically obsolete, or was no longer a viable location for the retailer or serviceman.

Places. This restriction does not apply to a place or structure for which demolition, removal, or modification is subject to review by the preservation agency of a Certified Local Government designated as such by the National Park Service of the United States Department of the Interior.

If a special service area has been established pursuant to the Special Service Area Tax Act or Special Service Area Tax Law, then any tax incremental revenues derived from the tax imposed pursuant to Special Service Area Tax Act or Special Service Area Tax Law may be used within the redevelopment project area for the purposes permitted by that Act or Law as well as the purposes permitted by the TIF Act.

Projected Redevelopment Project Costs

Estimated project costs are shown in Table 2 below. Adjustments to estimated line-item costs below are expected and may be made without amendment to the Plan. Each individual project cost will be reevaluated in light of the projected private development and resulting tax revenues as it is considered for public financing under the provisions of the Act.

Further, the projected cost of an individual line-item as set forth below is not intended to place a limit on the described line-item expenditure. Adjustments may be made in line-items, either increasing or decreasing line-item costs for redevelopment. The specific items listed below are not intended to preclude payment of other eligible redevelopment project costs in connection with the redevelopment of the RPA, provided the *total amount* of payment for eligible redevelopment project costs (the “Total Estimated TIF Budget” in Table 2) shall not exceed the amount set forth below, as adjusted pursuant to the Act. As explained in the following sub-section, incremental property tax revenues from any contiguous RPA may be used to pay eligible costs for the Downtown RPA.

Table 2
RPA Project Cost Estimates

Program Actions/Improvements	Estimated Costs
Land Acquisition and Relocation	\$4,750,000
Site Preparation, Including Environmental Remediation, Demolition, and Site Grading	\$875,000
Utility Improvements (Including Water, Storm, Sanitary Sewer, Service of Public Facilities, and Road Improvements)	\$5,000,000
Public Improvements/Facilities and Parking Structures	\$10,000,000
Rehabilitation of Existing Structures	\$875,000
Interest Costs Pursuant to the Act	\$1,000,000
Professional Service Costs (Including Planning, Legal, Engineering, Administrative, Annual Reporting, and Marketing)	\$1,500,000
Job Training	\$250,000
Statutory School and Library District Payments	\$2,500,000
TOTAL ESTIMATED TIF BUDGET	\$26,750,000

Notes:

- (1) All project cost estimates are in 2014 dollars. Costs may be adjusted for inflation per the TIF Act.
- (2) In addition to the costs identified in the exhibit above, any bonds issued to finance a phase of the Project may include an amount sufficient to pay (a) customary and reasonable charges associated with the issuance of such obligations, (b) interest on such bonds, and (c) capitalized interest and reasonably required reserves.
- (3) Adjustments to the estimated line-item costs above are expected. Adjustments may be made in line-items within the total, either increasing or decreasing line-items costs for redevelopment. Each individual project cost will be reevaluated in light of the projected private development and resulting tax revenues as it is considered for public financing under the provisions of the Act. The totals of the line-items set forth above are not intended to place a total limit on the described expenditures, as the specific items listed above are not intended to preclude payment of other eligible redevelopment project costs in connection the redevelopment of the RPA – provided the total amount of payment for eligible redevelopment project costs shall not exceed the overall budget amount outlined above.

Sources of Funds to Pay Redevelopment Project Costs

Funds necessary to pay for public improvements and other project costs eligible under the Act are to be derived principally from incremental property tax revenues, proceeds from municipal obligations to be retired primarily with such revenues, and interest earned on resources available but not immediately needed for the Plan. In addition, pursuant to the TIF Act and this Plan, the City may utilize net incremental property tax revenues received from other contiguous RPAs to pay eligible redevelopment project

costs or obligations issued to pay such costs in contiguous project areas. This would include contiguous TIFs that the City may establish in the future. (Conversely, incremental revenues from the Downtown TIF may be allocated to any contiguous TIF Districts.)

Redevelopment project costs as identified in Table 2 specifically authorize those eligible costs set forth in the Act and do not address the preponderance of the costs to redevelop the area. The majority of development costs will be privately financed. TIF or other public sources are to be used, subject to approval by the City Board, only to leverage and commit private redevelopment activity.

The incremental tax revenues which will be used to pay debt service on the municipal obligations (if any) and to directly pay redevelopment project costs shall be the incremental increase in property taxes. The property tax increment would be attributable to the increase in the equalized assessed value of each taxable lot, block, tract or parcel of real property in the RPA – over and above the initial equalized assessed value of each such lot, block, tract or parcel in the RPA in the 2013 tax year for the RPA.

Among the other sources of funds which may be used to pay for redevelopment project costs and debt service on municipal obligations issued to finance project costs are the following: certain local sales or utility taxes, special service area taxes, the proceeds of property sales, certain land lease payments, certain Motor Fuel Tax revenues, certain state and federal grants or loans, certain investment income, and such other sources of funds and revenues as the City may from time to time deem appropriate.

Nature and Term of Obligations to Be Issued

The City may issue obligations secured by the Special Tax Allocation Fund established for the Redevelopment Project Area pursuant to the Act or such other funds as are available to the City by virtue of its power pursuant to the Illinois State Constitution. Any and all obligations issued by the City pursuant to this Plan and the Act shall be retired not more than twenty-three (23) years from the date of adoption of the ordinance approving the RPA, or as such a later time permitted pursuant to the Act and to the extent such obligations are reliant upon the collection of incremental property tax revenues from the completion of the twenty-third year of the TIF, with taxes collected in the twenty-fourth year. However, the final maturity date of any obligations issued pursuant to the Act may not be later than twenty (20) years from their respective date of issuance.

One or more series of obligations may be issued from time to time in order to implement this Plan. The total principal and interest payable in any year on all obligations shall not exceed the amount available in that year or projected to be available in that year. The total principal and interest may be payable from tax increment revenues and from bond sinking funds, capitalized interest, debt service reserve funds, and all other sources of funds as may be provided by ordinance.

Certain revenues may be declared as surplus funds if not required for: principal and interest payments, required reserves, bond sinking funds, redevelopment project costs, early retirement of outstanding securities, or facilitating the economical issuance of additional bonds necessary to accomplish the Redevelopment Plan. Such surplus funds shall then become available for distribution annually to taxing districts overlapping the RPA in the manner provided by the Act.

Securities may be issued on either a taxable or tax-exempt basis, as general obligation or revenue bonds. Further, the securities may be offered on such terms as the City may determine, with or without the following features: capitalized interest; deferred principal retirement; interest rate limits (except as limited by law); and redemption provisions. Additionally, such securities may be issued with either fixed rate or floating interest rates.

Most Recent Equalized Assessed Valuation for the RPA

The most recent equalized assessed valuation for the RPA is based on the 2013 EAV, and is estimated to be approximately \$5,544,001 million.

Anticipated Equalized Assessed Valuation for the RPA

Upon completion of the anticipated private development of the RPA over a twenty-three (23) year period, it is estimated that the EAV of the property within the RPA would increase to between approximately \$25,000,000-28,000,000 million depending upon market conditions and the scope of the redevelopment projects.

VII. DESCRIPTION AND SCHEDULING OF REDEVELOPMENT PROJECT

Potential Redevelopment Project Actions

The City will implement a strategy with full consideration given to the availability of both public and private funding. It is anticipated that a phased redevelopment will be undertaken.

The Redevelopment Project will begin as soon as the private entities have obtained financing approvals for appropriate projects and such uses conform to City zoning and planning requirements, or if the City undertakes redevelopment activities pursuant to this Plan. Depending upon the scope of the development as well as the actual uses, the following activities may be undertaken by the City:

Land Assembly and Relocation: Certain properties in the RPA may be acquired and assembled into an appropriate redevelopment site, with relocation costs undertaken as provided by the Act. It is expected that the City would facilitate private acquisition through reimbursement or write-down of related costs, including the acquisition of land needed for construction of public improvements.

Demolition and Site Preparation: The existing improvements located within the RPA may have to be reconfigured or prepared to accommodate new uses or expansion plans. Demolition of certain parcels may be necessary for future projects. Additionally, the redevelopment plan contemplates site preparation, or other requirements including environmental remediation necessary to prepare the site for desired redevelopment projects.

Rehabilitation: The City may assist in the rehabilitation of buildings or site improvements located within the RPA.

Landscaping/Buffering/Streetscaping: The City may fund certain landscaping projects, which serve to beautify public properties or rights-of-way and provide buffering between land uses.

Water, Sanitary Sewer, Storm Sewer and Other Utility Improvements: Certain utilities may be extended or re-routed to serve or accommodate the new development. Upgrading of existing utilities may be undertaken. The City may also undertake the provision/upgrade of necessary detention or retention ponds.

Roadway/Street/Parking Improvements: The City may widen and/or vacate existing roads. Certain secondary streets/roads may be extended or constructed. Related curb, gutter, and paving improvements could also be constructed as needed. Parking facilities may be constructed that would be available to the public. Utility services may also be provided or relocated in order to accommodate redevelopment activities.

Traffic Control/Signalization: Traffic control or signalization improvements that improve access to the RPA and enhance its redevelopment may be constructed.

Public Facility-Related Infrastructure: Certain public facilities (including public safety and other taxing districts) improvements including, but not limited to, public signage, public facilities, and streetlights may be constructed or implemented.

School District and Library Costs: Provide for the payment of such costs pursuant to the requirements of the TIF Act.

Interest Costs Coverage: The City may fund certain interest costs incurred by a developer for construction, renovation or rehabilitation of a redevelopment project. Such funding would be paid for out of annual tax increment revenue generated from the RPA as allowed under the Act.

Professional Services: The City may fund necessary planning, legal, engineering, administrative and financing costs during project implementation. The City may reimburse itself from annual tax increment revenue if available.

Commitment to Fair Employment Practices and Affirmative Action

As part of any Redevelopment Agreement entered into by the City and any private developers, both parties will agree to establish and implement an honorable, progressive, and goal-oriented affirmative action program that serves appropriate sectors of the City. The program will conform to the most recent City policies and plans. With respect to the public/private development's internal operations, both entities will pursue employment practices which provide equal opportunity to all people regardless of sex, color, race or creed. Neither party will discriminate against any employee or applicant because of sex, marital status, national origin, age, or the presence of physical handicaps. These nondiscriminatory practices will apply to all areas of employment, including: hiring, upgrading and promotions, terminations, compensation, benefit programs, and education opportunities.

All those involved with employment activities will be responsible for conformance to this policy and compliance with applicable state and federal regulations.

The City and private developers will adopt a policy of equal employment opportunity and will include or require the inclusion of this statement in all contracts and subcontracts at any level. Additionally, any public/private entities will seek to ensure and maintain a working environment free of harassment, intimidation, and coercion at all sites, and in all facilities at which all employees are assigned to work. It shall be specifically ensured that all on-site supervisory personnel are aware of and carry out the obligation to maintain such a working environment, with specific attention to minority and/or female individuals.

Finally, the entities will utilize affirmative action to ensure that business opportunities are provided and that job applicants are employed and treated in a nondiscriminatory manner. Underlying this policy is the recognition by the entities that successful affirmative action programs are important to the continued growth and vitality of the community.

Completion of Redevelopment Project and Retirement of Obligations to Finance Redevelopment Costs

This Redevelopment Project and retirement of all obligations to finance redevelopment costs will be completed within twenty-three (23) years after the adoption of an ordinance designating the Redevelopment Project Area. The actual date for such completion and retirement of obligations shall not be later than December 31 of the year in which the payment to the municipal treasurer pursuant to the Act is to be made with respect to ad valorem taxes levied in the twenty-third calendar year after the ordinance approving the RPA is adopted.

VII. PROVISIONS FOR AMENDING THE TIF PLAN AND PROJECT

This Plan may be amended pursuant to the provisions of the Act.

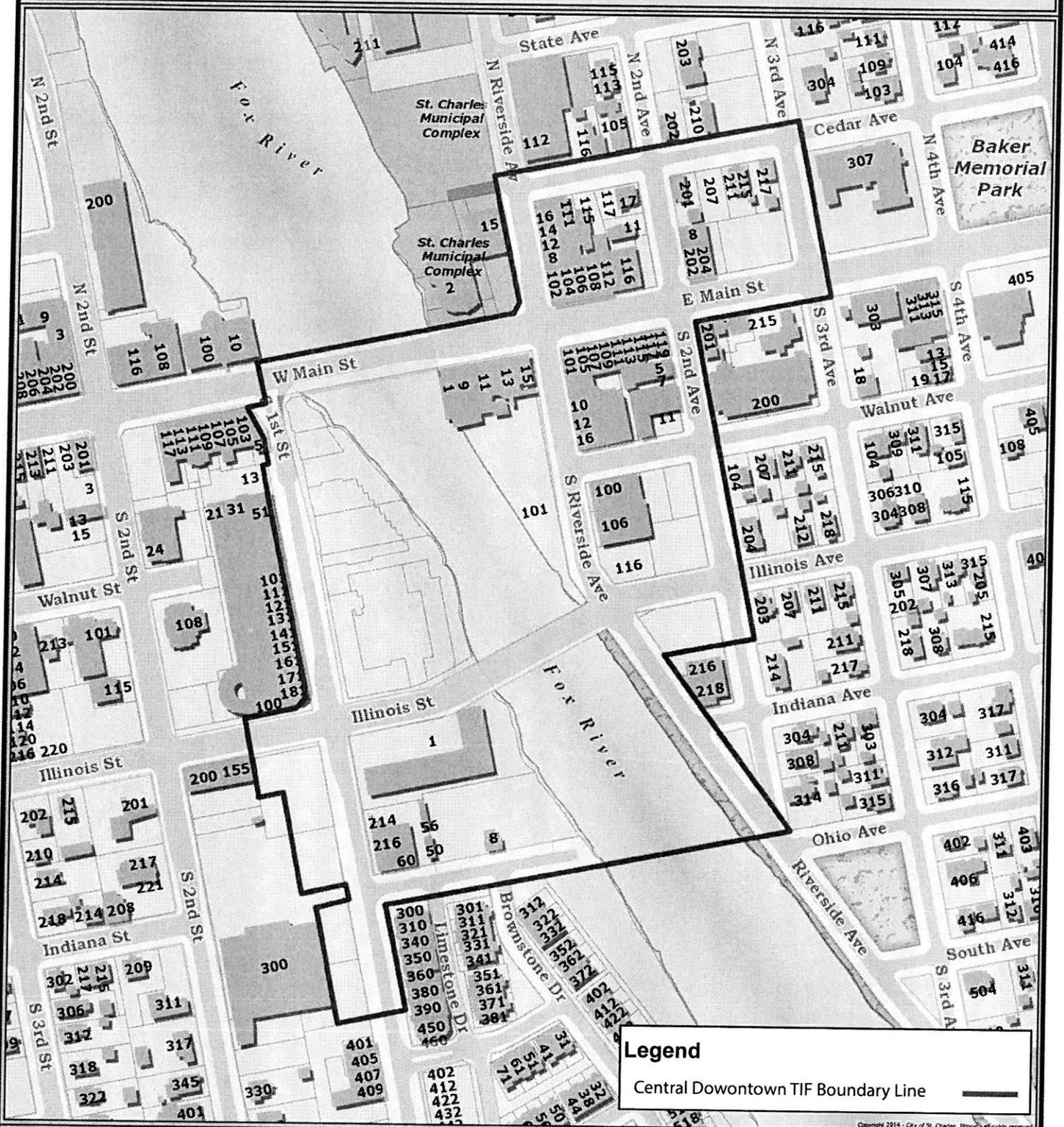
EXHIBIT A
LEGAL DESCRIPTION

Central Downtown TIF

That part of the South Half of Section 27 and the North Half of Section 34 in Township 40 North, Range 8 East of the Third Principal Meridian in the City of St. Charles, Kane County, Illinois, described as follows:

Beginning at the southwesterly corner of Block 22 in the Original Town of St. Charles, recorded May 8, 1837, in Book 19, page 2; thence southeasterly, 340 feet along the easterly line of 3rd Avenue to the northwest corner of Block 6 of said subdivision; thence southwesterly, 260 feet along the southerly line of Main Street to the northwest corner of Block 4 of said subdivision; thence southeasterly, 608.3 feet along the easterly line of Second Avenue to a line parallel with and 111.7 feet northerly of (as measured along the easterly line thereof) the southerly line of Block 15 in said subdivision; thence westerly, along said parallel line to the westerly line of said Block 15; thence southeasterly, along said westerly line and the southeasterly extension thereof to the easterly extension of the northerly line of Brownstone, recorded January 2, 2001, as Document No. 2001K000149; thence southwesterly, along said extension and said northerly line, to the northwest corner of said Brownstone; thence southeasterly, along the westerly line of said Brownstone to the easterly extension of the southerly line of Lot 7 in Phase I of First Street Redevelopment Subdivision, recorded March 29, 2007, as Document No. 2007K035551; thence South 78 degrees 42 minutes 53 seconds West along said extension and the southerly line of said Lot 7 to the southwest corner thereof; thence North 11 degrees 17 minutes 02 seconds West, 231.95 feet along the west line of Lots 7 and 14 in said subdivision to the northwest corner of said Lot 14; thence North 78 degrees 35 minutes 36 seconds East, 66.48 feet along the north line of said Lot 14 to the northeast corner thereof; thence North 11 degrees 30 minutes 41 seconds West, 25.00 feet along an east line of Lot 5 in said subdivision to the southeast corner of Lot 6 in said subdivision; thence South 78 degrees 35 minutes 36 seconds West, 84.96 feet along the south line of said Lot 6 to the southwest corner thereof; thence North 11 degrees 39 minutes 20 seconds West, 197.00 feet along a westerly line of said Lot 6 to a jog in said westerly line; thence South 78 degrees 20 minutes 40 seconds West, 41.90 feet along said jog to the westerly line of said Lot 6; thence North 11 degrees 13 minutes 55 seconds West along said westerly line and the northerly extension thereof to the southerly line of Lot 3 in the Amended Phase II First Street Redevelopment Subdivision, recorded July 8, 2008, as Document No. 2008K056095; thence North 78 degrees 37 minutes 37 seconds East along the southerly line of said Lot 3 to a curve in said southerly line; thence northeasterly, 44.24 feet along said curve, having a radius 28.00 feet, the chord of said curve bears North 33 degrees 21 minutes 37 seconds East, 39.78 feet to the easterly line of said Lot 3; thence North 11 degrees 54 minutes 23 seconds West, 441.52 feet along the easterly line of Lots 3 and 13 in said subdivision to the northeast corner of said Lot 13; thence North 78 degrees 29 minutes 30 seconds East, 12.31 feet along the easterly extension of the north line of said Lot 13 to the westerly line of 1st Street, according to the plat recorded January 25, 1844, in Book 4, page 342; thence northwesterly, 37.52 feet along said right-of-way to an angle point in said line; thence northwesterly, 59.15 feet along said right-of-way to the northerly line of Block 39 in said Original Town of St. Charles; thence northeasterly along said northerly line to the northeast corner thereof; thence northerly to the southeast corner of the Hotel Baker Subdivision, recorded December 2, 1982, as Document No. 1623173; thence northeasterly along the northerly line of Illinois Route 64 (Main Street) to the southwest corner of Lot 5 in Block 2 of County Clerk's 1899 Assessment Division East of the Fox River; thence continuing northeasterly along the southerly line of said Block 2 to the northwesterly right-of-way line of Illinois Route 64 (Main Street) and 1st Avenue per Document Number 96K045968; thence northeasterly 21.22 feet along said line to the easterly line of said Block 2; thence northwesterly along the westerly line of 1st Avenue to the southeast corner of Block 3 in said County Clerk's 1899 Assessment Division; thence northeasterly, 580 feet along the north line of Cedar Avenue to the Point of Beginning.

EXHIBIT B
BOUNDARY MAP



Legend

Central Downtown TIF Boundary Line

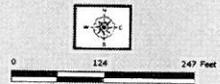
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Data Source:
City of St. Charles, Illinois
Kane County, Illinois
DuPage County, Illinois

Coordinate System: Illinois State Plane East
Projection: Transverse Mercator
North American Datum 1983

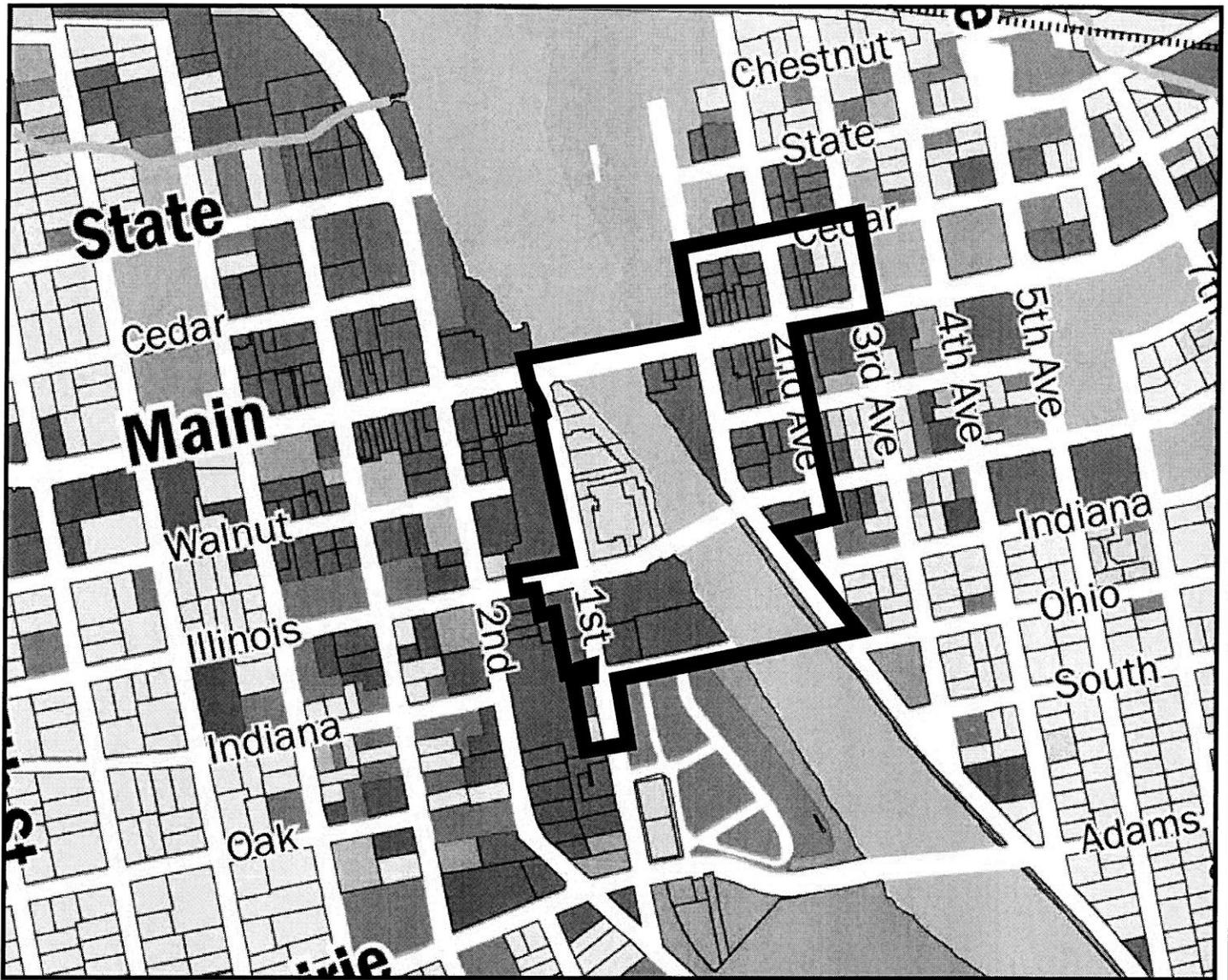
Printed on: September 26, 2014 11:00 AM



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EXHIBIT C
EXISTING LAND USE MAP

Central Downtown TIF Existing Land Use Map



City of St. Charles Central Downtown TIF RPA

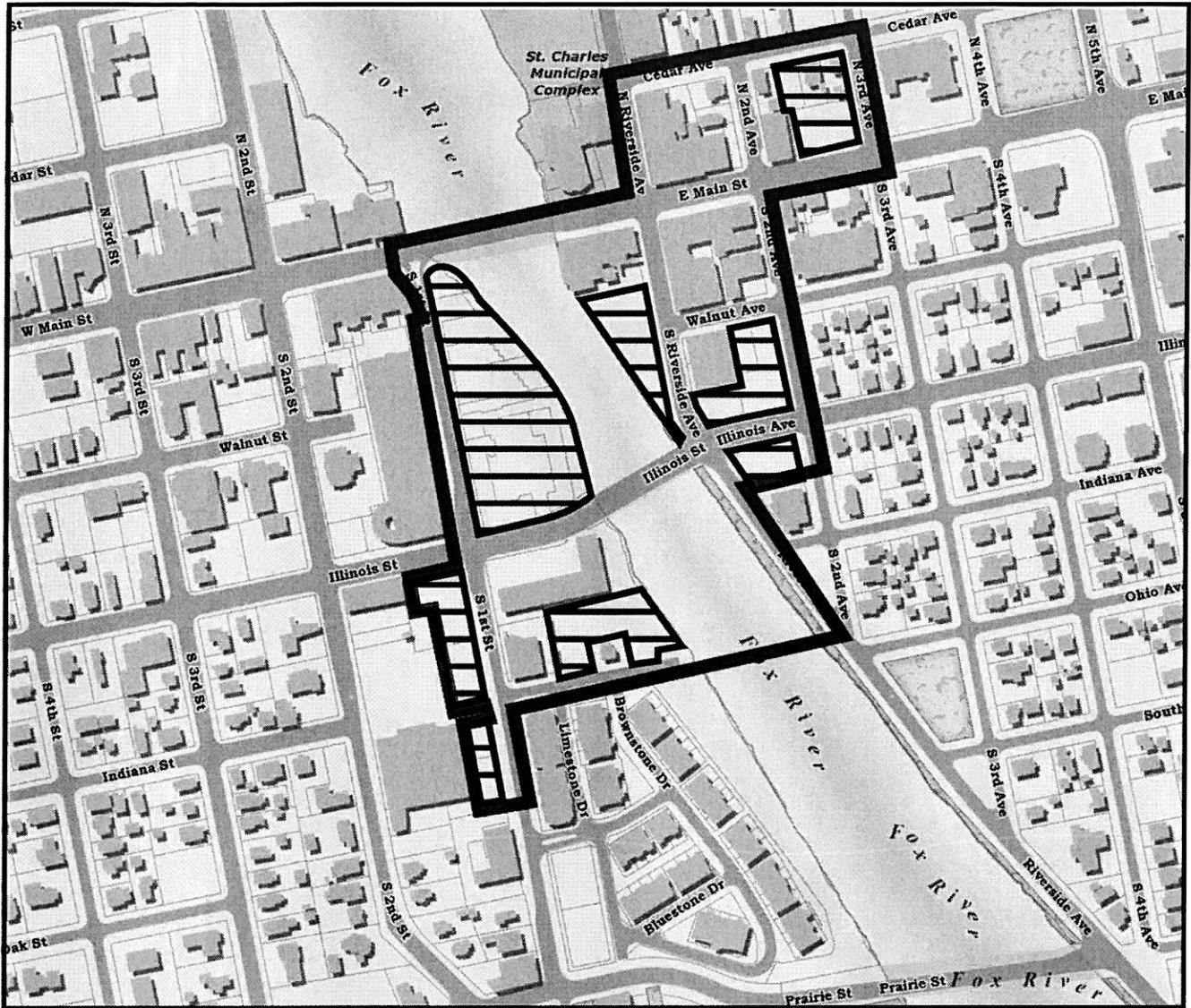
Existing and Predominant Land Use Map

- | | |
|------------------------|-------------------------------|
| Detached Single-Family | Heavy Industrial |
| Attached Single-Family | Public & Quasi-Public |
| Multi-Family | Parks and Open Space |
| Commercial | Vacant |
| Commercial Service | Agricultural/Undeveloped |
| Office | Utility |
| Light Industrial | Central Downtown TIF Boundary |

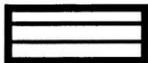


EXHIBIT D
PROPOSED LAND USE MAP

Central Downtown TIF RPA Development Map



City of St. Charles Central Downtown TIF RPA



Mixed Use

- Commercial
- Office
- Residential
- Public/Parks/Openspace



Central Downtown TIF Boundary

**All other properties shall retain the land use designation shown on the Central Downtown Existing Land Use Map



EXHIBIT E
TIF QUALIFICATION REPORT

**CITY OF ST. CHARLES, ILLINOIS
TIF QUALIFICATION REPORT
CENTRAL DOWNTOWN
REDEVELOPMENT PROJECT AREA**

A preliminary analysis to assess the likelihood that all or a portion of an area located in the City of St. Charles could qualify as a conservation area as defined in the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-3, et seq., as amended.

Prepared for: City of St. Charles, Illinois

Prepared by: Kane, McKenna and Associates, Inc.

November 2014

**PROPOSED CENTRAL DOWNTOWN
REDEVELOPMENT PROJECT AREA
TIF QUALIFICATION REPORT**

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EXECUTIVE SUMMARY

Kane, McKenna and Associates, Inc. (KMA) has been retained by the City of St. Charles, Illinois (the "City") to conduct an analysis of the potential qualification and designation of certain property located in the City, to be addressed herein as the proposed Redevelopment Project Area (the "Study Area") and included in the map attached as Exhibit A. Essentially the Study Area includes portions of the City's Central Downtown area generally bordered by 1st Street on the west, 3rd Avenue on the east, Indiana Street on the south and Main Street (west of Fox River) and Cedar Avenue (east of Fox River) on the north. The qualification review is being carried out pursuant to the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-3, et seq., as amended (the "TIF Act").

The City is pursuing the Study Area designation as part of its ongoing review of the Downtown area, in order to assist in the revitalization of the property. By undertaking the designation, the City will help strengthen the Study Area as a significant contributor to the City's overall economic base.

Based upon the analysis completed to date, KMA has reached the following conclusions regarding the qualification of the Study Area as a TIF District:

- 1) *The proposed TIF District could meet the criteria for a "conservation area," as the term is defined under the TIF Act subject to the provision of additional documentation.* Because 50% or more of the structures are over 35 years of age, the Study Area meets the threshold finding for such designation.
- 2) *Current conditions impede redevelopment* – Without the use of City planning and economic development resources to address certain issues, potential redevelopment activities are not likely to be economically feasible. This observation is also noted in the City's "Downtown Subarea Plan" as part of the City's Comprehensive Plan adopted in 2013.
- 3) *Viable redevelopment sites could produce incremental revenue* – Within the proposed Study Area, there are parcels which potentially could be redeveloped and thereby produce incremental property tax revenue or other additional revenues to the City. As part of the City's planning efforts, several potential development sites are included in the Study Area. Such revenue, used in combination with other City resources for redevelopment incentives or public improvements, would likely stimulate private investment and reinvestment in these sites and ultimately throughout the Study Area.
- 4) *Review of TIF designation* – To mitigate the existing conditions (thereby promoting the Study Area) and to leverage the City's investment and redevelopment efforts, the City had previously included portions of the west side area in the First Street TIF District, but the economic downturn has necessitated revisiting the undeveloped phases of the initial plan in order to implement the remainder of projects.

I. BACKGROUND

Current Land Use. The Study Area is generally bounded bordered by 1st Street on the west, 3rd Avenue on the east, Indiana Street on the south and Main Street (west of Fox River) and Cedar Avenue (east of Fox River) on the north. Most of the uses within this area are retail/commercial, institutional, parking, and some residential (second floor).

Downtown St. Charles continues to be an important area for the community – both symbolically and from a community and economic development standpoint. The location of City Hall, the Fox River, and other retail/commercial uses are important assets of the Downtown.

Several goals and objectives are included in the City’s Downtown Subarea Plan:

Subarea Goals

The vision for Downtown St. Charles includes the following important components:

- Full utilization of the Fox River as a recreational and environmental asset;
- Preservation and enhancement of the Downtown’s historic architectural character;
- Accessibility for all modes of transportation, including vehicles and pedestrians; and
- Enhanced cultural activities that serve as both local and regional attractions.

Subarea Objectives

The following goals can help achieve the vision for Downtown:

- Encourage development practices that minimize environmental impacts on the Fox River and consider its presence and benefits;
- Provide continuous open space and bike/pedestrian access along the Fox River corridor as envisioned in the 2002 River Corridor Master Plan;
- Provide a high level of physical and visual access to the Fox River from all portions of Downtown;
- Recognize Downtown’s important architectural resources, and establish programs to preserve and enhance them;
- Require new development to meet high standards of site and building design that are compatible with the historic character;
- Enhance the public realm through streetscaping and gateways;

- Move people using all modes of transportation safely and efficiently throughout Downtown;
- Mitigate the impacts of truck traffic on Main Street;
- Maintain and strengthen a comprehensive pedestrian network;
- Better manage parking capacity and access throughout Downtown, especially as new development comes on-line;
- Strategically coordinate civic and cultural events to attract residents and visitors to various portions of Downtown and different times of the year; and
- Enhance mobility between Downtown and surrounding neighborhoods, communities, and other assets, such as other commercial centers, major bikeways and trails for all modes of travel.

Source: City of St. Charles Comprehensive Plan, 2013

Overall, the area faces a number of potential redevelopment impediments as described in Section IV of this report. Additionally, while the area has certain beneficial locational assets, the current state of the local and national economy, characteristics of parcel sizes, existing uses, and redevelopment challenges associated with older buildings contribute to constraints related to redevelopment.

The City has determined that the redevelopment of the proposed Study Area could be beneficial to the community. With a redevelopment strategy in place, the economic base of the Study Area would be stabilized and increased – thereby benefiting the community as a whole.

General Scope and Methodology. KMA performed its analysis by conducting a series of discussions with City staff, starting in January, 2014 and continuing periodically up to the date of this report. The purpose of the review was to gather data related to the preliminary qualification criteria for properties included in the Study Area. These discussions were complemented by a series of field surveys for the entire area to evaluate the condition of the Study Area. The field surveys and data collected have been utilized to determine that the Study Area could qualify for TIF designation.

The qualification factors discussed in this report would assist in the qualification of the Study Area as a conservation area, as the term is defined pursuant to the TIF Act. For additional information about KMA’s data collection and evaluation methods, refer to Section III of this report.

II. QUALIFICATION CRITERIA

With the assistance of City staff, Kane, McKenna and Associates, Inc. assessed the proposed Study Area to determine the likelihood that qualifying factors listed in the Act would be present. The relevant provisions of the Act are cited below.

The Act sets out specific procedures which must be adhered to in designating a redevelopment project area (Study Area). By definition, a “redevelopment project area” is:

“An area designated by the municipality, which is not less in the aggregate than 1½ acres and in respect to which the municipality has made a finding that there exist conditions which cause the area to be classified as a blighted area or a conservation area, or a combination of both blighted areas and conservation areas.”

Under the Act, “conservation area” means any improved or vacant area within the boundaries of a redevelopment project area located within the territorial limits of the municipality where certain conditions are met, as identified below.

TIF Qualification Factors for a Conservation Area. In accordance with the TIF Act, KMA performed a two-step assessment to determine if the proposed Study Area qualified as a conservation area. First, KMA analyzed the threshold factor of age to determine if 50% or more of the structures were 35 years of age or older.

Secondly, the area was examined to determine if a combination of three (3) or more of the following factors were present, each of which is (i) present, with that presence documented to a meaningful extent so that a municipality may reasonably find that the factor is clearly present within the intent of the Act and (ii) reasonably distributed throughout the improved part of the redevelopment project area. Per the TIF Act, such an area is not yet a blighted area but because of a combination of the following factors is detrimental to the public safety, health, morals or welfare and such an area may become a blighted area.

(A) Dilapidation. An advanced state of disrepair or neglect of necessary repairs to the primary structural components of building or improvements in such a combination that a documented building condition analysis determines that major repair is required or the defects are so serious and so extensive that the buildings must be removed.

(B) Obsolescence. The condition or process of falling into disuse. Structures become ill-suited for the original use.

(C) Deterioration. With respect to buildings, defects include but are not limited to, major defects in the secondary building components such as doors, windows, porches, gutters, downspouts, and fascia. With respect to surface improvements, that the condition of roadways, alleys, curbs, gutters, sidewalks, off-street parking and surface storage areas evidence deterioration, including, but limited to, surface cracking, crumbling, potholes, depressions, loose paving material and weeds protruding through paved surfaces.

(D) Presence of Structures Below Minimum Code Standards. All structures that do not meet the standards of zoning, subdivision, building, fire and other governmental codes applicable to property, but not including housing and property maintenance codes.

(E) Illegal Use of Individual Structures. The use of structures in violation of applicable federal, State, or local laws, exclusive of those applicable to the presence of structures below minimum code standards.

(F) Excessive Vacancies. The presence of buildings that are unoccupied or under-utilized and that represent an adverse influence on the area because of the frequency, extent or duration of the vacancies.

(G) Lack of Ventilation, Light, or Sanitary Facilities. The absence of adequate ventilation for light or air circulation in spaces or rooms without windows, or that require the removal of dust, odor, gas, smoke or other noxious airborne materials. Inadequate natural light and ventilation means the absence of skylights or windows for interior spaces or rooms and improper window sizes and amounts by room area to window area ratios. Inadequate sanitary facilities refers to the absence or inadequacy of garbage storage and enclosure, bathroom facilities, hot water and kitchens and structural inadequacies preventing ingress and egress to and from all rooms and units within a building.

(H) Inadequate Utilities. Underground and overhead utilities such as storm sewers and storm drainage, sanitary sewers, water lines and gas, telephone and electrical services that are shown to be inadequate. Inadequate utilities are those that are: (i) of insufficient capacity to serve the uses in the redevelopment project area; (ii) deteriorated, antiquated, and obsolete or in disrepair; or (iii) lacking within the redevelopment project area.

(I) Excessive Land Coverage and Overcrowding of Structures and Community Facilities. The over-intensive use of property and the crowding of buildings and accessory facilities onto a site. Examples of problem conditions warranting the designation of an area as exhibiting excessive land coverage are: (i) the presence of buildings either improperly situated on parcels or located on parcels of inadequate size and shape in relation to present-day standards of development for health and safety and (ii) the presence of multiple buildings on a single parcel. For there to be a finding of excessive land coverage, these parcels must exhibit one or more of the following conditions: insufficient provision for light and air within or around buildings, increased threat of spread of fire due to the close proximity of buildings, lack of adequate or proper access to a public right-of-way, lack of reasonably required off-street parking or inadequate provision for loading service.

(J) Deleterious Land-Use or Layout. The existence of incompatible land-use relationships, buildings occupied by inappropriate mixed-uses, or uses considered to be noxious, offensive or unsuitable for the surrounding area.

(K) Environmental Clean-Up. The proposed redevelopment project area has incurred Illinois Environmental Protection Agency or United States Environmental Protection Agency remediation costs for (or a study conducted by an independent consultant recognized as having expertise in environmental remediation has determined a need for) the clean-up of hazardous waste, hazardous substances or underground storage tanks required by State or federal law. Any such remediation costs would constitute a material impediment to the development or redevelopment of the redevelopment project area.

(L) Lack of Community Planning. The proposed redevelopment project area was developed prior to or without the benefit or guidance of a community plan. This means that the development occurred prior to the adoption by the municipality of a comprehensive or other community plan or that the plan was not followed at the time of the area's development. This factor must be documented by evidence of adverse or incompatible land-use relationships, inadequate street layout, improper subdivision, parcels of inadequate shape and size to meet contemporary development standards or other evidence demonstrating an absence of effective community planning.

(M) "Stagnant" or "Declining" EAV. The total equalized assessed value of the proposed redevelopment project area has declined for three (3) of the last five (5) calendar years, or is increasing at an annual rate that is less than the balance of the municipality for three (3) of the last five (5) calendar years, or is increasing at an annual rate that is less than the Consumer Price Index for All Urban Consumers published by the United States Department of Labor or successor agency for three (3) of the last five (5) calendar years. The finding is based on the last 5 years for which information is available.

III. EVALUATION METHODOLOGY

In evaluating the proposed Study Area's potential qualification as a TIF District, the following methodology was utilized:

- 1) Site surveys of the Study Area were undertaken by representatives from Kane, McKenna and Associates, Inc., supplemented with photographic analysis of the sites. Preliminary surveys were completed of properties located within the Study Area.
- 2) KMA conducted evaluations of exterior structures and associated site improvements, noting such conditions as overcrowding and obsolescence. Additionally, KMA reviewed the following data: 2007-2013 tax information from Kane County, St. Charles Township Assessor, tax maps, aerial photos, site data, local history (including discussions with City staff), and an evaluation of area-wide factors that have affected the area's development (e.g., obsolescence, deleterious land-use and layout, etc.).
- 3) Existing structures and site conditions were initially surveyed only in the context of checking, to the best and most reasonable extent available, TIF Act factors applicable to specific structures and site conditions of the parcels.
- 4) The Study Area was examined to assess the applicability of the different factors required for qualification as a TIF district. Examination was made by reviewing the information and determining how each measured when evaluated against the relevant factors. The Study Area was evaluated to determine the applicability of the thirteen (13) different factors, as defined under the Act, which would qualify the area as a TIF District.

IV. QUALIFICATION FINDINGS FOR PROPOSED STUDY AREA

Based upon KMA’s preliminary evaluation of parcels in the proposed Study Area and analysis of each of the eligibility factors summarized in Section II, the following factors are presented to support preliminary qualification of the proposed Study Area as a conservation area under the TIF Act – to be supplemented by additional data, if the City decides to proceed with the designation. These factors are summarized in the table below.

Exhibit 1
Summary of TIF-Qualifying Factors

Maximum Possible Factors per Statute	Minimum Factors Needed to Qualify per Statute	Qualifying Factors Present in Proposed Study Area
13	3	6 <ul style="list-style-type: none"> • Declining EAV • Excessive Coverage • Obsolescence • Deleterious Layout • Deterioration • Inadequate Utilities

Findings for Study Area. The proposed Study Area meets the qualifications for a conservation area under the statutory criteria set forth in the TIF Act. As a first step, KMA determined that 33 of 33 structures (100%) were 35 years in age or older based upon Township Assessor data. Secondly, KMA reviewed the 13 aforementioned criteria needed to qualify the area as a conservation area, determining that 6 factors were present:

1. **Lagging or Declining EAV.** The Act states that if the total equalized assessed value of the proposed redevelopment project area has declined for three (3) of the last five (5) calendar years, or is increasing at an annual rate that is less than the balance of the municipality for three (3) of the last five (5) calendar years, or is increasing at an annual rate that is less than the Consumer Price Index for All Urban Consumers published by the United States Department of Labor or successor agency for three (3) of the last five (5) calendar years. The finding is based on the last 5 tax years for which information is available. The EAV of the Study Area has declined for four (4) of the last five (5) years and has lagged behind the CPI for four (4) of the last five (5) (refer to chart below) and has grown at a rate less than the balance of the City EAV for three (3) of the last five (5) years. Therefore, a finding of declining or lagging EAV is made pursuant to the TIF Act.

Exhibit 2
EAV Trends for Proposed Study Area

	2013	2012	2011	2010	2009	2008
Total EAV for TIF District	5,544,001	5,988,541	6,298,383	6,744,402	6,714,556	7,144,873
EAV Change (%)	-7.42%	-4.92%	-6.61%	0.44%	-6.02%	
City-wide EAV (Excluding TIF)	1,296,708,145	1,367,926,274	1,453,100,043	1,541,771,783	1,635,403,608	1,641,637,461
City EAV Change (%)	-5.21%	-5.86%	-5.75%	-5.73%	-0.38%	
CPI	1.50	2.10	3.20	1.60	-0.40	

Source: Kane County Clerk, St. Charles Township Assessor, and U.S. Bureau of Labor Statistics

2. Excessive Coverage. Excessive land coverage can be defined as an over-intensive use of property and the crowding of buildings and accessory facilities onto a site. For there to be a finding of excessive land coverage, these parcels must exhibit one or more of the following conditions: insufficient provision for light and air within or around buildings; increased threat or spread of fire due to the close proximity of buildings; lack of adequate or proper access to a public right-of-way; lack of reasonably required off-street parking; or inadequate provision for loading services.

Certain buildings located along both the north and south side of Main Street are located close together and exhibit lack of off-street parking as well as limited set backs. The age of the buildings and their construction materials are also of concern in the event of fire. Multiple buildings are also located on one site at the intersection of 1st Street and Ohio Avenue.

The majority of structures have greater land coverage than would be suitable or acceptable for today's development standards. There exists a very high proportion of the zero lot line parcels more common in the decades prior to construction of modern shopping areas and residential subdivisions. This condition is manifested most significantly in the lack of on-site parking facilities for many of the commercial structures. Lack of on-site parking acts as a detriment to healthy private sector redevelopment efforts.

Merchants and service providers operating in many of the structures are reliant on restricted on-street parking, or off-street municipal facilities to serve the needs of patrons. This puts them at a competitive disadvantage with their counterparts located in non-downtown locations.

Redevelopment is hindered by the preponderance of structures on several blocks that are adjoined to each other. A related problem is the overcrowding of structures on parcels too small for multiple buildings and uses. The result is that any effort for expansion to create on-site parking for more efficient business operation is discouraged due to the costs of acquisition and/or demolition that make redevelopment economically infeasible for the private sector alone. This factor compounds the problem of deleterious layout/land use and obsolescence found throughout the area. The general lack of land area reduces the viability of economic re-use of those sites with virtually no room for additional on-site facilities or parking.

3. Obsolescence. The Act states that obsolescence is the condition or process of falling into disuse or structures that have become ill-suited for their original use. Due to age of the structures and changes in both City regulations and market conditions, obsolescence would be present. As stated above, 100% of the buildings are over 35 years old. Thirty (30) of the thirty-three (33) structures were constructed in the early part of the 20th Century – 1900 to 1930 – and exhibit characteristics associated with older market uses – including multiple stories, limited provisions for loading and unloading, in some cases deferred maintenance, and outmoded HVAC/utility systems. Many buildings have been converted from existing uses – single family to commercial along 2nd and 3rd Avenues, single use to multiple use along Walnut Avenue, 1st Avenue, and South Riverside Avenue. As a result of such conversions on site parking, loading accessibility, and overall building layout are less desirable in comparison to modern designed layouts.

Challenges related to the age and characteristics of existing building inventory, parking, and traffic circulation all impact existing or proposed uses within the Study Area.

Most commercial structures are two or three story, older buildings including converted single family structures that are located along 2nd and 3rd Avenues. The area also includes a large special use building – the Arcada Theater – which preliminary examination indicates a number of significant cost upgrades are needed to the HVAC system and other building components.

4. Deleterious Layout. As noted in Section II, a municipality can make a finding of deleterious layout or land use when there exists either (a) incompatible land-use relationships, (b) buildings occupied by inappropriate mixed-uses or uses considered to be noxious, or (c) uses offensive or unsuitable for the surrounding area.

The City has created special parking regulations for the area as a whole, but much of the existing parking is concentrated in municipal parking facilities. Off-street parking opportunities are not distributed evenly throughout the area. Many businesses lack their own off-street parking and rely on public parking facilities to help attract customers or clients. In some cases, that parking may not be adjacent or nearby the businesses.

To the extent that public off-street parking does exist in close proximity to businesses, in many cases that parking is situated in positions with limited visual access to potential patrons. Many stores or commercial uses have not been or cannot be re-oriented to where the customers enter within a few feet of where their vehicles may be parked. Parking in a shopping district must be (or perceived as) simple, trouble-free, and safe. In short, people want to park directly in front of where they want to shop or secure a service. Traditional downtown shopping areas typically cannot offer this as readily as today's modern retail and service malls and this tends to contribute to the problem of deleterious layout and land use.

The manner which the City has been forced to create and transform open land for parking creates excessive coverage of parcels, as well as difficult access to and from what parking that is available.

Another determinant in the deleterious land use and layout relates to traffic patterns and conditions, including:

- Ability to manage traffic flow and volumes along Main Street and ancillary streets.
- The bisection of the area by the Fox River. This creates additional challenges for downtown patrons given limited connectivity.
- Improvements to parking related signage and circulation.
- Competition with adjacent residential uses (in particular on the east side of the river).

These issues contribute to the deleterious land use and layout condition.

Another issue contributing to deleterious land use and layout relates to inconsistent building setbacks and land uses.

There remains an ongoing issue with instances of single-family homes and residential multi-family uses within and on the periphery of the area which are located on sites in close proximity to commercial uses. In most situations, there is little buffer between such land uses.

5. Deterioration. As noted in Section II, "deterioration" under the TIF Act is defined to include deteriorated surface improvements or structures (specifically evidenced by surface cracking, crumbling, potholes, depressions, loose paving material and weeds). Various degrees of deterioration were observed throughout the Study Area. Much of the observed deterioration centered around the condition of surface improvements such as the alleys and parking lots. These surface improvements had multiple potholes, uneven pavement and cracks.

Building site improvement conditions were mixed: the rear portions of commercial buildings along Main Street exhibited elements of deterioration. Overall, most instances of deterioration related to site improvements, including parking lots and driveways throughout the area. Street improvements along Riverside Drive and South 2nd Street are also in poor condition, and the pedestrian bridge at Indiana Avenue exhibits elements of deterioration.

6. Inadequate Utilities. This factor is defined to be present based on “Inadequate utilities are those that are: (i) of insufficient capacity to serve the uses in the redevelopment project area; (ii) deteriorated, antiquated and obsolete or in disrepair; or (iii) lacking within the redevelopment project area.”

The water main located on Riverside Drive between Main Street and Cedar Avenue has experienced main breaks and there is also the need for vault construction at Walnut and Riverside and also at Illinois and 2nd Avenue. The Indiana Street pedestrian bridge is also in need of repair; and the City may need to consider replacement at some point in the future. These facilities exhibit instances of “deterioration” or “disrepair” as set forth in the Act.

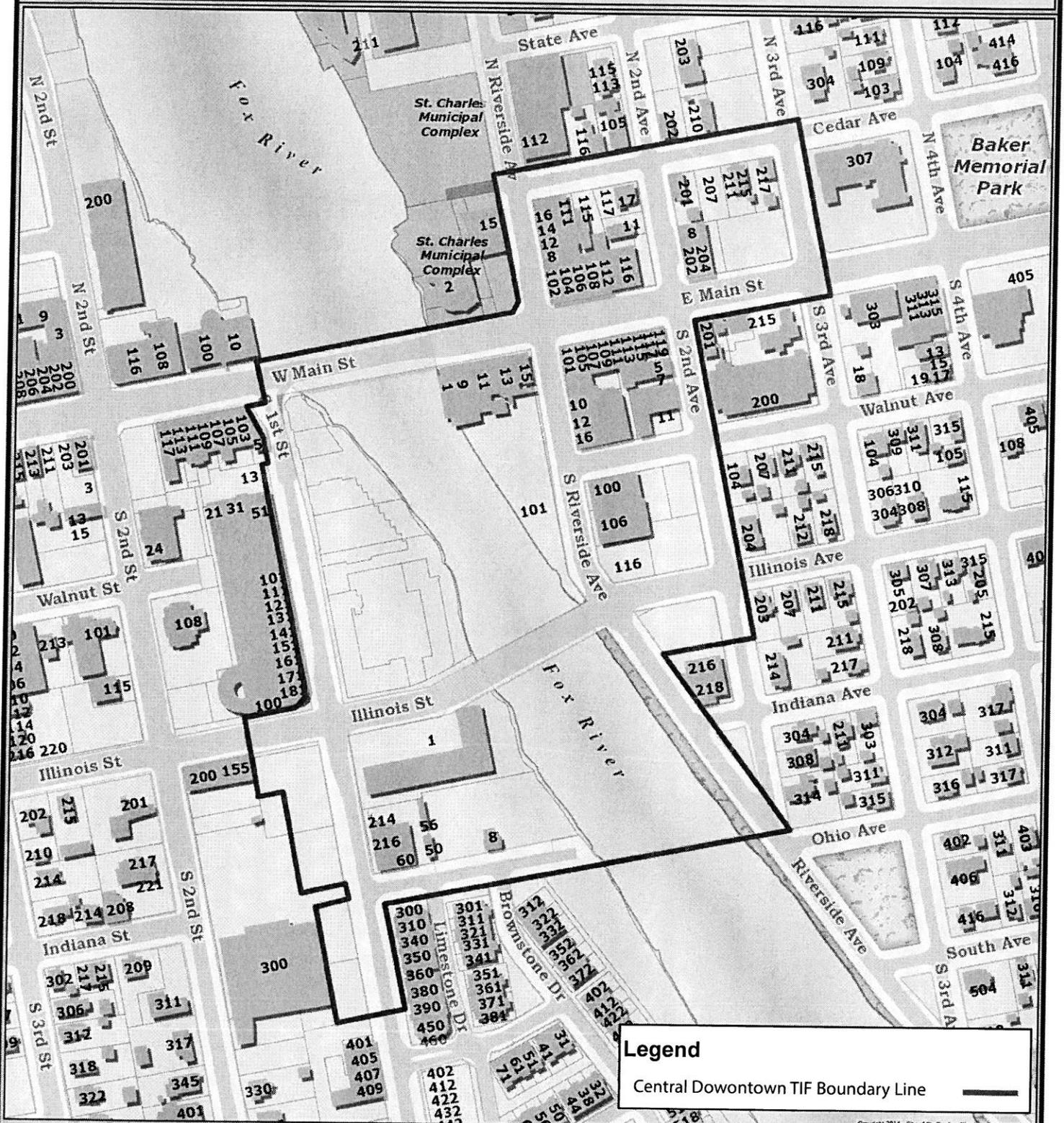
V. SUMMARY OF FINDINGS; GENERAL ASSESSMENT OF QUALIFICATION

The following is a summary of relevant qualification findings as it relates to the City's potential designation of the proposed TIF District.

1. The area is contiguous and is greater than 1½ acres in size;
2. The proposed TIF District will qualify as a Conservation Area. Further, the Conservation Area factors found in the RPA are present to a meaningful extent and are reasonably distributed throughout the area. A more detailed analysis of the qualification findings is outlined in Section IV. of this report;
3. All property in the area would substantially benefit by the proposed redevelopment project improvements;
4. The sound growth of taxing districts applicable to the area, including the City, has been impaired by the factors found present in the area; and
5. The area would not be subject to redevelopment without the investment of public funds, including property tax increments.

In the judgment of KMA, these findings provide the City with sufficient justification to consider designation of the property as a TIF District.

Exhibit A
Boundary Map



Legend
Central Downtown TIF Boundary Line



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
Printed on: September 26, 2014 11:00 AM



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Exhibit B
Tax Parcel List

Central Downtown Tax Increment Finance District

St Charles, Illinois

Parcel Identification Number (PIN) List

09-27-386-003
09-27-386-004
09-27-386-005
09-27-386-008
09-27-386-009
09-27-386-010
09-27-386-011
09-27-386-013
09-27-386-014
09-27-386-015
09-27-387-001
09-27-387-002
09-27-387-003
09-27-387-004
09-27-387-005
09-27-387-006
09-27-387-007
09-27-388-001
09-27-388-002
09-27-388-003
09-27-388-004
09-27-388-005
09-27-389-003
09-27-389-005
09-27-389-006
09-27-389-007

09-27-389-008
09-27-389-009
09-27-389-010
09-27-389-011
09-27-391-001
09-27-391-002
09-27-391-003
09-27-391-004
09-27-391-005
09-27-391-006
09-34-127-002
09-34-127-003
09-34-127-004
09-34-127-005
09-34-127-006
09-34-128-011
09-34-129-001
09-34-129-002
09-34-129-003
09-34-129-005
09-34-130-004
09-34-130-005
09-34-132-019
09-34-132-020
09-34-132-021
09-34-288-007