

Future of Downtown Plan

Presentation to Village Council - Sept. 18, 2018



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Issue & Recent Actions

The Downtown has experienced significant reinvestment since the Village adopted two economic development tools in 1997, a Tax Increment Financing (TIF) District and Special Service Area (SSA).

ISSUE: The TIF and SSA (see slide 11 for explanations) are set to expire in 2020, and after which there will still be ongoing and additional expenses without the available resources to support them. Specifically:

- The Downtown Management Corporation (DMC) provides a variety of services unique to the Downtown and receives its funding primarily from the SSA.
- Infrastructure maintenance needs have grown since the public improvements were constructed 15-20 years ago and will require an ongoing resource commitment.
- The Comprehensive Plan, updated in 2017, includes numerous recommendations for continued improvement to the Downtown.

RECENT ACTIONS: Between January 2018 and June, the DMC and Village convened an ad hoc Committee to discuss key questions related to the expiration of the TIF and SSA (See slides 5 & 6 for Committee information). This report was then prepared to reflect the Village's Recommended Actions & Strategies (See slide 4) and provide relevant background information.

SSA expiration means that the tax bill will go down because the SSA rate of 1.5% will no longer appear. This reduction will occur beginning with tax bills in 2022. One of the revenue options includes an extension of the SSA at a lower rate and with different boundaries.

With TIF expiration, tax bills will not go down. The taxes currently paid to the TIF will be redistributed to other taxing bodies. There are no plans being considered to extend the TIF.

Timeline (2017-2021)

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2017

- Introduction of issue during 2017 Long-Range Planning Process
- Adoption of Comprehensive Plan update

2018

Downtown Management Corp. and Village convened ad hoc Committee

- **CURRENT: Project report presented to Village Council**
(Allows Council to establish plan with strategies at the 20,000 foot level)

2019

- Update to 2011 parking study to begin
- 2019-2021 Village Council to be sworn in

2020

Recommended timeframe for Council action
(Next Council implements the plan)

- TIF District and SSA due to expire

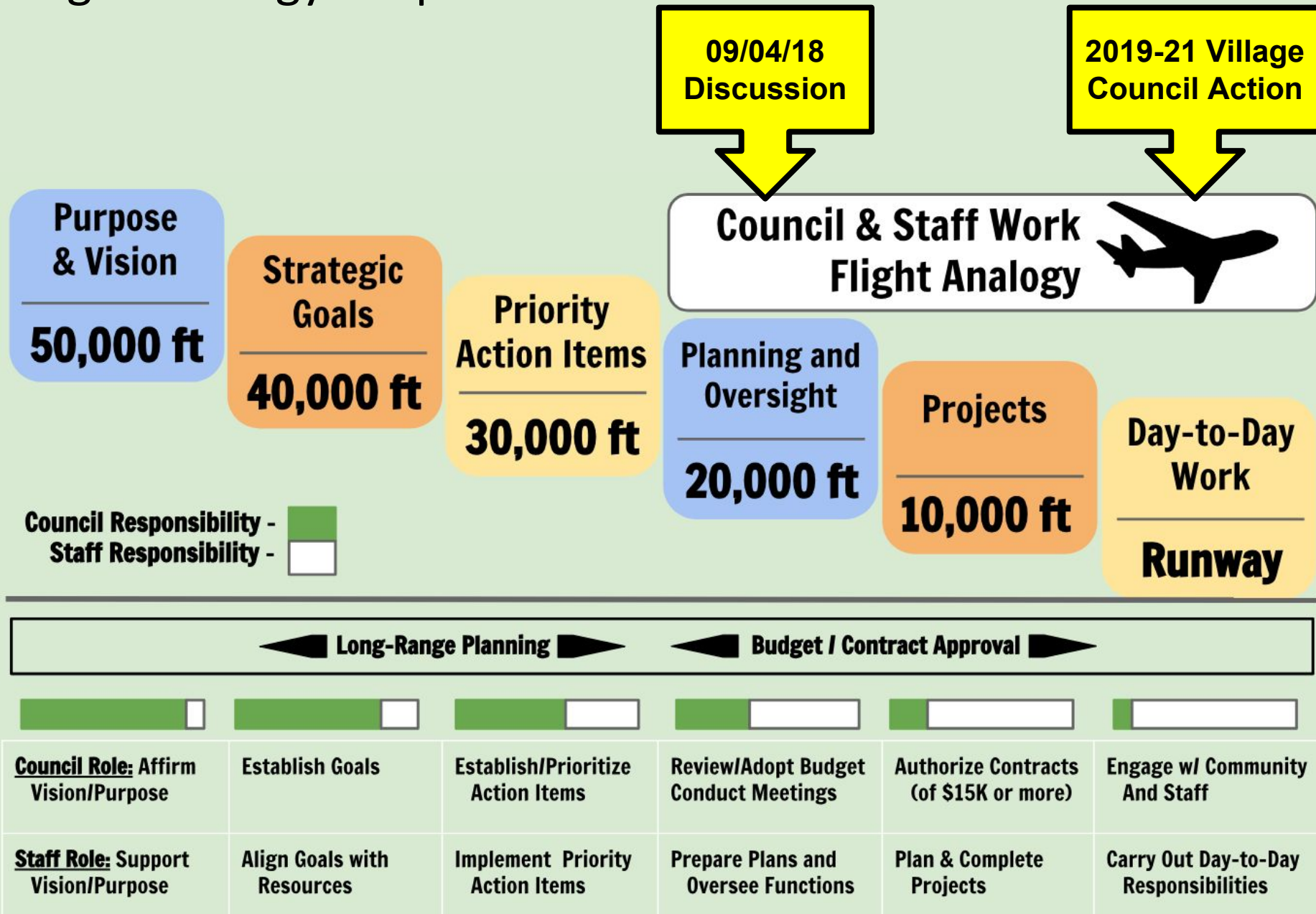
2021

- FY2021: Final year of revenue from TIF & SSA



Flight Analogy Graphic

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The following actions and strategies have been identified to guide future work regarding this Long Range Plan Priority Action Item:

- 1. Update/Consider Revisions to Downtown Mgmt Corp. Operating Agreement**
Review services/functions and match with sustainable revenues; Ensure equitable representation among key stakeholder groups
- 2. Update 2011 Parking Study to Coincide with New Building Occupancy**
To serve as a basis for advancing parking system recommendations from Comprehensive Plan
- 3. Continue to Review and Evaluate Comprehensive Plan Recommendations**
Consider use of financial incentives where necessary
- 4. Effectively Maintain Infrastructure with Sufficient Resources**
Construct improvements in a manner that minimizes overall lifecycle costs
- 5. Consider Multiple Funding Sources to Fill Revenue-Expense Gaps**
Including possible SSA extension with modifications to maximum rate and boundaries; Align benefits of improvements and services with those groups responsible for paying

Future of the Downtown ad hoc Committee

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The Downtown Management Corporation and Village assembled a committee made up of downtown property owners (residential and commercial), business owners and other Downtown stakeholders to discuss several key questions related to the future of the Downtown, including:

- What are the future Downtown needs?
- How should the future Downtown needs be prioritized & why?
- Who should pay for the costs of future Downtown needs & why?
- What criteria should be applied in determining the entity responsible for meeting the needs?

Committee Members:

Graham Mosey, Chair

Willis Johnson

Leslie Rinaudo

Connie Nicholson

Paul Glover

Linda Kunze

Phil Stromberg

Allison Heverin

Drew Mitchell

Paul Baker

Erin Venezia

The webpage containing meeting summaries is available at:

<http://www.downers.us/future-of-the-downtown>

Summary of Committee Responses to Key Questions

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Discussion Question	Summarized Committee Responses		
What are the future Downtown needs?	<ul style="list-style-type: none">● Parking & Accessibility● Continuation of DMC Functions (Business Advocacy, Attraction, Retention, etc.)● Awareness, Education & Engagement		
How should the future Downtown needs be prioritized & why?	<ul style="list-style-type: none">● Address most foundational (e.g. Parking)● Address most time-sensitive (e.g. DMC funding source with set date for expiration)		
Who should pay for the costs of future Downtown needs & why?	<ul style="list-style-type: none">● Consider opportunities to shift costs in ways that:<ul style="list-style-type: none">- Broaden revenue base, reduce indiv. impact- Align costs with benefits		
What criteria should be applied in determining the entity responsible for meeting the needs?	<table><tr><td><ul style="list-style-type: none">● Efficiency● Responsiveness● Flexibility● Capacity</td><td><ul style="list-style-type: none">● Cost● Transparency● Communication● Resources</td></tr></table>	<ul style="list-style-type: none">● Efficiency● Responsiveness● Flexibility● Capacity	<ul style="list-style-type: none">● Cost● Transparency● Communication● Resources
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Projected Expenses & Funding Sources

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Estimated or potential expenses & expected funding sources already in place following expiration of the TIF & SSA

Expenses	Est. or Poten. Expenses	Resources After FY2021	Funding Source	Who Pays
Infrastructure Maintenance Sidewalks, crosswalks, street lights, traffic signals	\$150,000- \$200,000	\$150,000- \$200,000	Capital Project Fund Revenues	Village Property Owners/General Taxpayers
Village Services Landscaping, snow removal on public sidewalks, seasonal decorations	\$500,000- \$550,000	\$500,000- \$550,000	General Fund Revenues	Village Property Owners/General Taxpayers
Parking System Maintenance Parking deck & lot maintenance	\$500,000- \$600,000	\$500,000- \$600,000	Parking Fund	Commuters/Users of Parking System
Downtown Mgmt Corp. Services Business attraction/retention, events coordination, marketing	\$250,000- \$350,000	\$0	N/A (SSA to Expire)	N/A
Parking System Expansion Would allow for \$10 million project or to be used on an annual basis	\$700,000- \$750,000	\$0	N/A	N/A
Financial Incentives/Other Improvements As identified in Comprehensive Plan (see slide 13)	?	\$0	N/A	N/A
Total	\$2,100,000- \$2,550,000+	\$1,150,000 \$1,350,000		

Additional Funding Source Options

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Potential Funding Source	Annual Revenue	Who Pays	Notes
1. SSA Extension or Special Assessment			
a. Residential Only	\$250,000-\$300,000	Downtown Residential Property Owners	Maximum rate of 0.5%
b. Commercial Only	\$325,000-\$375,000	Downtown Commercial Property Owners	Maximum rate of 1.5%
c. Residential & Commercial	\$375,000-\$425,000	Downtown Property Owners	Maximum rate of 0.5%
2. Food & Beverage Tax Overlay	\$90,000-\$110,000	Downtown Restaurants /Diners	0.5% on \$18-22 million in sales
3. Sales Tax Overlay	\$120,000-\$130,000	Downtown Retail Businesses/Shoppers	0.5% on \$24-26 million in sales
4. Fees for Services	\$25,000-\$30,000	Downtown Businesses/Shoppers	\$250/business from 100-120 businesses
5. Increase to Parking Fees	\$200,000-\$220,000	Commuters/Users of Parking System	Increase in daily fee permits by \$1 and increase in quarterly permits by 10%
6. Increase to General Fund & CIP Revenues	\$500,000	Village Property Owners/General Taxpayers	Increase in property tax levy by \$20 per household with \$300,000 market value

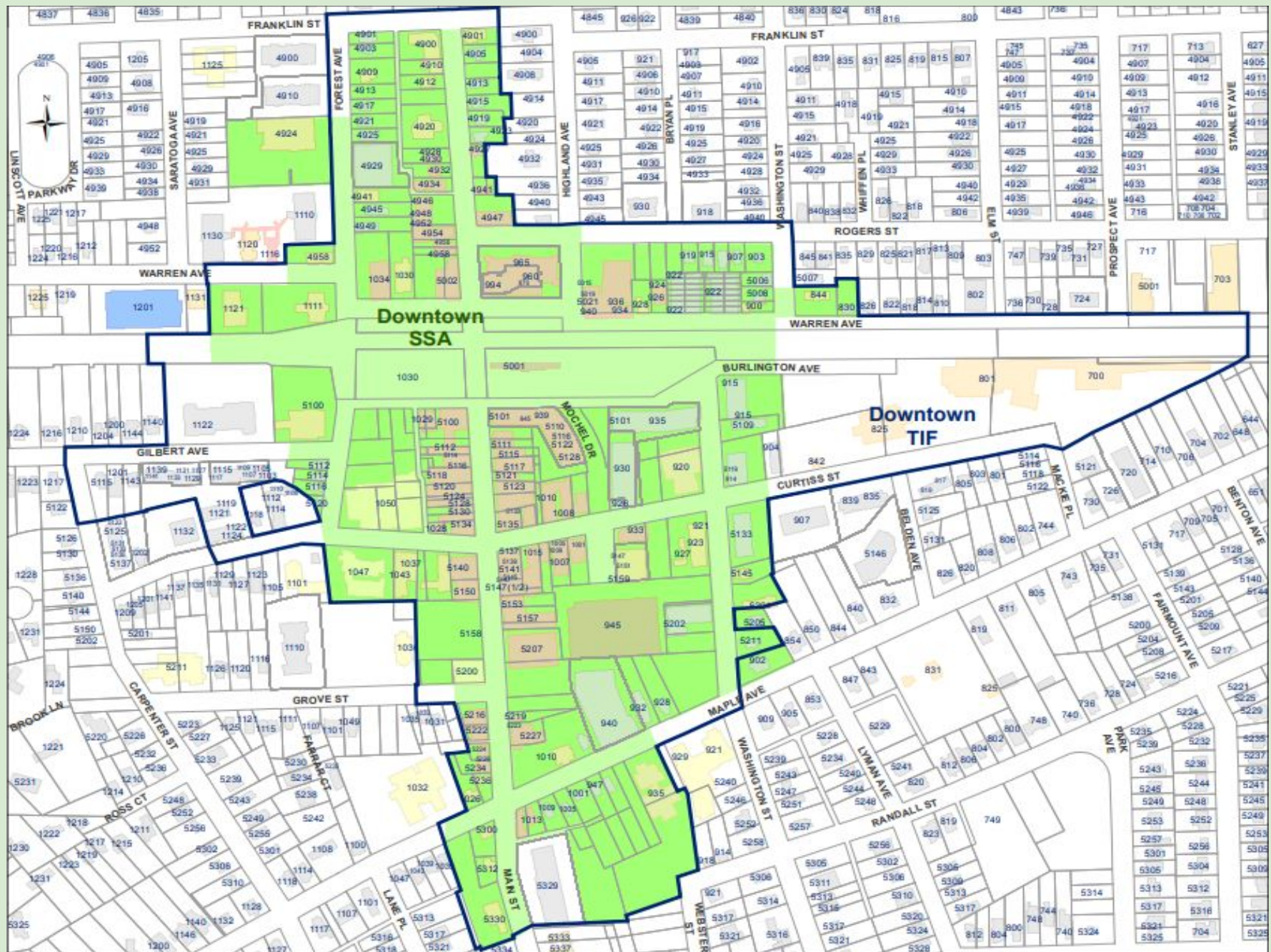
Summary of TIF & SSA

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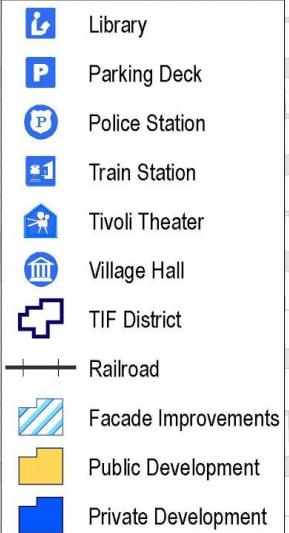
	Tax Increment Financing District	Special Service Area
Year Created/Due to Expire	1997 / December 2020	1997 / December 2020
Description	Designated area where property taxes attached to increase in value of property above “frozen value” established at time of creation is collected for specific use within the TIF boundaries	Additional property tax (w/ max. rate of 1.5%) supported by property owners at the time of creation with specific purposes to benefit properties within boundaries of the SSA.
Funds collected support	Construction of New Infrastructure & Parking Deck; Facilitation of Redevelopment - (Bond Financed)	Business Attraction, Retention; Events Coordination; Marketing (provided through agreement with Downtown Mgmt Corp.)
Amount Collected in 2018	\$3,450,000	\$240,000
What happens upon expiration?	Property taxes designated as TIF revenue are distributed to individual taxing bodies appearing on the tax bill	Special Service Area tax is removed from the tax bill
Link for more information	http://www.illinois-tif.com/about-tif/	https://sbfriedman.com/sites/default/files/download/SSA%20Guide-SB%20Friedman.pdf

Current TIF and SSA Boundaries

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Changes in the Downtown (1997-2018)

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	1997	2018	% Change
Residential Units	644	1,214	 88.5%
Commercial Space (Sq. ft.)	66,840	113,225	 69.4%
Public Parking Spaces	770	1,237	 60.6%
Private Parking Spaces	823	1,251	 52.0%
EAV*: Downtown TIF	\$16.1	\$64.8	 302.3%
Total Village	\$1,163.0	\$2,440.2	 109.8%
Public Investment in TIF	\$44.7 million		
Private Investment in TIF	\$85.3 million		
* EAV = Equalized Assessed Valuation			

Summary of Comprehensive Plan Recommendations

Excerpted from Comprehensive Plan. For full set of recommendations, follow link below

Infrastructure

- Review road capacity, circulation & parking after new building occupancy
- Expand north side parking
- Provide scooter & motorcycle parking
- Relocate Metra platform to allow Main St. to remain open
- Explore opportunities for pedestrian grade-separated crossing
- Install parking counters at public lots and parking deck
- Landscaping and parking lot screening
- Support for bikes/multi-modal transit
- Improve wayfinding system
- Create plazas and larger outdoor areas

Service/Operational/Regulatory

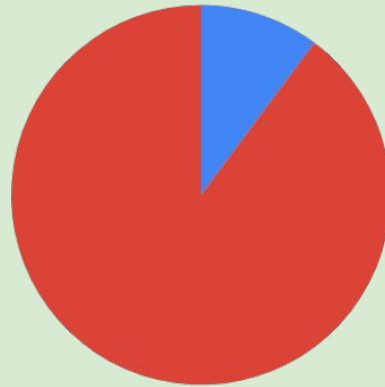
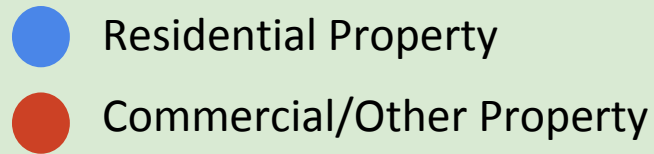
- Business-initiated/focused special events
- Outdoor seating/sidewalk cafes
- Activation of gathering spaces (with event, public art, other temp. uses)
- Streamline permitting process & reduce restrictions on sidewalk seating
- Expand outdoor seating into on-street parking areas
- Facilitate protection of historic buildings
- Support/encourage active transportation and use of bicycles

[Link to Comprehensive Plan Document - see pages 104-113](http://www.downers.us/public/docs/departments/com_dvlpment/CompPlan2017_Approved_061317.pdf)

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SSA Commercial & Residential Value of Property in 2017

Base/Frozen Value and Total Value



	<u>Base/Frozen Value</u>		<u>Total Value</u>	
Residential	1,623,283	10.2%	28,550,846	49.8%
Commercial/Other	14,283,898	89.8%	28,780,170	50.2%
Total	15,907,181		57,331,016	

The Base/Frozen Value approximates the allocation of property uses at the time the TIF and SSA were created in 1997.