

Memorandum

Community & Economic Development Department



To: Thomas E. Thomas, City Manager
Subject: Agreement with Laborspace, LLC
Date: March 6, 2014

Staff has been working with owners of downtown properties in need of renovations to preserve the integrity of their buildings and to support the viability of their businesses. This effort is being made to determine where to spend remaining Downtown TIF funds that will have the most impact.

The building at 311 21st Street was purchased in August 2013 by Laborspace, LLC. The building was once occupied by Review Printing and various professional offices. New owners Patrick Stolley and Joshua Rose purchased the two story building and adjacent vacant lot to provide a physical location to foster creative work of all types.

As the owners started to renovate the building for occupancy, various code, structural, and operation issues were discovered. In order to occupy the second floor, the existing fire escape would need to be replaced to meet code. Cost to replace is \$17,200. The current HVAC needs for the building were being served by inefficient baseboard heating systems and window AC units. Cost to replace the existing systems with more efficient service is \$32,500. They also found the original 1925 wooden and single pane windows were rotten, not operational, and inefficient. The cost to replace the 14 windows and a door is \$37,100. The total for all improvements is approximately \$87,000.

Mr. Stolley currently occupies half of the second floor for a recording studio. The studio offers freelance recording services for the Daytotter.com website and for other musicians across the region. Mr. Rose is cleaning out the first floor print shop area to develop an open studio space for more industrial based arts. The remaining space in the building has been leased by two business start-ups, musicians, and a second recording engineer.

A development agreement has been created to support \$50,000 of the proposed improvements that will maintain the envelope of the building and address the code issues. Funds would be disbursed as work is completed over the . The remaining renovations would be supported by other funds including a \$25,000 loan from the City's Sustainable Improvement Revolving Loan Fund (SIRLF).

Staff recommends approval of this agreement as it will support the redevelopment of an 89 year old building in the downtown that has been repurposed to promote the arts and new business development.

Vendor: Laborspace, LLC
Payment Amount: \$50,000
Fund: 201
Department: 312 Economic Development
Cost Center: 801 General Development
Object Code: 54101
Project: 0000000
Requisition:

Recommendation:

The Community and Economic Development Department recommends the Council adopt Ordinance No. _____ (approving a development agreement subject to minor attorney modifications with Laborspace, LLC and authorize it execution by the City Manager.

Submitted by: Jeffery A. Eder, CED Director/Asst. City Manager
Mary Chappell, Development Programs Manager

Approved by: Thomas Thomas, City Manager

CITY OF ROCK ISLAND

ORDINANCE NO. _____-2014

**AN ORDINANCE APPROVING AND AUTHORIZING THE EXECUTION OF THE
REDEVELOPMENT AGREEMENT BY AND BETWEEN LABORSPEC LLC
AND THE CITY OF ROCK ISLAND, ROCK ISLAND COUNTY, ILLINOIS**

WHEREAS, Laborspace, LLC (the “Developer”) desires to enter into a redevelopment agreement (“Redevelopment Agreement”) with the City of Rock Island, Rock Island County, Illinois (the “City”) for purposes of redeveloping of a portion of the Downtown Redevelopment Project Area (the “Redevelopment Area”) with a multi-tenant commercial development (the “Project”); and

WHEREAS, the Corporate Authorities of the City find it is in the best interests of the City to enter into the Redevelopment Agreement.

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Rock Island, Rock Island County, Illinois, as follows:

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

Section 2. That upon receipt from the Developer of four (4) executed copies of the Redevelopment Agreement, the City Manager is hereby authorized to execute, and the City Clerk is hereby authorized to attest to, the Redevelopment Agreement in substantially the form of such agreement appended to this Ordinance as Exhibit “A,” with such changes therein as shall be approved by the officials of the City executing the same, their execution thereof to

constitute conclusive evidence of their approval of any and all changes or revisions therein from and after the execution and delivery of such Redevelopment Agreement.

Section 3. That the officials, officers and employees of the City are hereby authorized to take such further actions and execute such documents as are necessary to carry out the intent and purpose of this Ordinance and of the Redevelopment Agreement.

Section 4. That this Ordinance shall be in full force and effect upon and after its passage and approval in the manner provided by law.

PASSED AND APPROVED on March _____, 2014.

Thomas Thomas
CITY MANAGER, CITY OF ROCK ISLAND

ATTEST:

Aleisha Patchin
CITY CLERK

EXHIBIT "A"

REDEVELOPMENT AGREEMENT

Development Agreement

THIS AGREEMENT is entered into this _____ day of March, 2014 by and between Laborspace, LLC ("Developer") and the CITY OF ROCK ISLAND, an Illinois Municipal Corporation ("City").

WHEREAS, the Developer purchased the building at 311 21st Street in August 2013 to foster creative work of all types and intends make necessary repairs as part of the implementation of the Downtown Plan, and;

WHEREAS, it is the intent of the City to support development within the downtown;

NOW THEREFORE, the parties, in exchange for the promises herein contained the receipt and sufficiency of which are hereby acknowledged agree as follows:

- 1) The Developer needs to make much needed renovations to building which include: fire escape, HVAC, new windows and doors. The work will be completed within a six month time frame.
- 2) The Developer agrees that the total cost of this renovation project, including but not limited to planning, engineering, legal services, marketing, professional fees, labor and construction materials, is estimated to exceed \$87,000.
- 3) Developer hereby agrees to commence work on the Property no later than April 2014 and have all construction work completed no later than September 2014. Failure to complete construction by the date specified herein shall be considered a material breach of this agreement entitling the City to terminate this agreement by written notice to Developer at his address of such intention not less than fourteen (14) days prior to the desired termination date.
- 4) City agrees to contribute to the Developer in the sum total of up to Fifty thousand dollars and 00/100 (\$50,000) to be used to support the renovation work to the building with said contribution derived from Tax Increment Finance (TIF) revenues. Funds will be distributed as outlined in section 6 as long as the Developer has earned the amounts by completing elements outlined in section 5. If the project does not proceed as contemplated by this agreement, all funds contributed by the City shall be paid back to the City.
- 5) The City of Rock Island agrees to disburse the \$50,000 funds after April 10, 2014 as work is completed on a reimbursement bases for eligible costs.
- 6) The Developer hereby agrees to expend said TIF revenues only on those elements of the project that are eligible activities under 65 ILCS 5/11-74.4) and to comply with all applicable requirements for the use TIF funds under 65 ILCS 5/1-74.4.

Prior to the release of said funds, a representative from the city and shall meet and confer on the use of the funds.

- 7) The Developer hereby acknowledges that use of City funds requires compliance with the Illinois Prevailing Wage Act (820 ILCS 1130) as amended.
- 8) This Agreement shall be governed and construed in accordance with the laws of the State of Illinois with jurisdiction and venue in Rock Island County.
- 9) In the event of a default under this Agreement by either party hereto which default is not cured within thirty (30) days of the date of receipt of notice to the defaulting party specifying that said party has failed to perform a particular obligation, the other party shall have an action for damages or, in the event damages would not fairly compensate the non-defaulting party of this Agreement, the non-defaulting party shall have such other equitable rights and remedies as are available at law or in equity.
- 10) Delays by the Developer or City in performing obligations hereunder due to acts of God or strikes, fires, floods, explosions, wars, differences with workers, delays in transportation or accidents during construction, military arrest or restraints, acts, demands or requirements of the United States or any state or territory thereof, or any governmental subdivision thereof, or due to any other causes whatsoever, whether similar or dissimilar to those above enumerated which are beyond the Developer's or City's control and not resulting from the Developer's or City's fault shall cause an automatic extension of the starting and/or completion dates for the period attributable to any such cause. The affected component of this Agreement shall be deemed suspended for so long as its extension is prevented or delayed by such cause.
- 11) Time is of the essence of this Agreement.
- 12) Either party to this Agreement may elect to waive any remedy it may enjoy hereunder, provided that no such waiver shall be deemed to exist unless the party waiving such right or remedy does so in writing. No such waiver shall obligate such party to waive any right or remedy thereafter, nor shall it be deemed to constitute a waiver of other rights and remedies provided said party pursuant to this Agreement. If any term or provision of this Agreement is held to be invalid or unenforceable, to any extent, the remainder of this Agreement shall continue to be fully valid and enforceable.
- 13) Notices, demands, consents, approvals or other instruments required to permitted by this Agreement shall be in writing and shall be executed by the party or an officer, agent, attorney of the party, and shall be deemed to have been effective as to the date of actual delivery, if delivered personally, or as of the third day from and including the date on which it is mailed by registered or certified mail, return receipt requested, with postage prepaid addressed as follows:

To Developer: Laborspace, LLC
 311 21st Street
 Rock Island, IL 61201

To City: City Clerk
 City of Rock Island
 1528 3rd Avenue
 Rock Island, IL 61201

- 14) This Agreement shall be binding upon and inure to the benefit of the parties hereto, and their devisees, successors and assigns.
- 15) The preambles contained herein are incorporated in this Agreement by this express reference and made a part hereof.
- 16) This Agreement embodies the entire agreement between the parties and supersedes any written or oral agreement and may be amended or supplemented only by an instrument in writing executed by the parties hereto.

City of Rock Island

Laborspace, LLC

Thomas Thomas, City Manager

Joshua Rose, Manager

Patrick Stolley, Manager

ATTEST:

Aleisha Patchin, City Clerk