

**Memorandum
Community and Economic Development**



To: Thomas Thomas, City Manager
Subject: Redevelopment of the Mississippi Cafe
Date: June 18, 2014

The former Mississippi Café building located at 213 18th Street has been a blighted structure for some time. The property has deteriorated to a point where it has structural issues, becoming dangerous and is no longer feasible to renovate. The City has several code actions against the current owner of the property. However, the current owner does not have the resources to address the violations.

Ray Berger, Broadway Corporation has stepped forward with an option to purchase the building. His intent is to demolish the structure and construct a parking lot. Mr. Berger owns the neighboring Liberty building. The request is for \$190,000 from the Downtown TIF in city support for the project. The project has a total cost of \$257,000. The project includes acquisition of 213 18th Street, demolition of the current structure on the property, and installing a parking lot.

Staff recommends approval of this request as it supports the redevelopment of a vacant property and will remove a blighting influence in heart of the downtown

Vendor: Broadway Corporation
Payment Amount: \$190,000
Fund: 201 TIF #1 Downtown
Department: 312 Economic Development
Cost Center: 801 General Development
Object Code: 54101 Contributions/Sponsorship
Project: N/A

Requisition Number: Pending

RECOMMENDATION:

The Community and Economic Development Department recommends that the Council adopted ordinance ____ (a development agreement subject to minor attorney modifications with Broadway Corporation) and authorize its execution by the City Manager.

Submitted by: Jeffery A. Eder, Assistant City Manager / CED Director

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 BROADWAY CORPORATION
AND THE CITY OF ROCK ISLAND, ROCK ISLAND COUNTY, ILLINOIS**

WHEREAS, Broadway Corporation (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 mixed use 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 June _____, 2014.

Dennis E. Pauley
MAYOR, CITY OF ROCK ISLAND

ATTEST:

Aleisha Patchin
CITY CLERK

EXHIBIT "A"

REDEVELOPMENT AGREEMENT

Redevelopment Agreement
(former Mississippi Café)

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

WHEREAS, the Developer intends demolish the building known as "Mississippi Cafe" and create a parking area within the Downtown Redevelopment Project Area (the "Downtown TIF") as part of the implementation of the Downtown Plan, and;

WHEREAS, it is in the best interest of the City to support development within the Downtown Redevelopment Project Area;

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 shall acquire the real property legally described in Exhibit A, attached hereto and made a part hereof, and will demolish the existing structure and create a parking lot (the "Project").
2. The Developer agrees that the total costs of the Project, including but not limited to land acquisition, site development, planning, engineering, legal services, professional fees, labor and construction materials is estimated to exceed two hundred fifty thousand(\$250,000).
3. Developer shall commence work on the Project no later than September 2014 and the Project completed no later than November 30, 2015. Failure to complete construction by the date specified herein shall be considered a material breach of this Agreement and shall entitle 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. The City shall provide economic incentive to the Developer in an amount not to exceed One Hundred Ninety Thousand Dollars and 00/100 (\$190,000) to be used to reimburse the Developer for eligible Project costs, with said contribution derived from the funds in the Special Tax Allocation Fund for the Downtown TIF. If the Project does not proceed as contemplated by this Agreement, all funds contributed by the City to the Developer shall be paid back to the City not less than fourteen (14) days following Developer's receipt of written notice from the City.

5. The economic incentive shall be paid to the Developer on a reimbursement basis once the property acquisition and demolition is complete.
6. Prior to the payment of the economic incentives provided for herein by the City to the Developer, the Developer shall, not less than thirty (30) days prior to the payment dates set forth above, provide the City with documentation evidencing the expenditure of eligible redevelopment project costs, as defined in the Illinois Tax Increment Allocation Act (65 ILCS 5/11-74.4-1 et seq.), in an amount in excess of the payment to be received. Such documentation shall include closing statements, paid invoices, receipts, cancelled checks, sworn statements, lien waivers, engineer's certificates, or other such documentation demonstrating the payment of eligible redevelopment project costs by the Developer.
7. To the extent required by law, the Developer agrees to pay, and to contractually obligate and cause any and all general contractors and subcontractors to pay, the prevailing rate of wages as established by the City pursuant to the Illinois Prevailing Wage Act [820 ILCS 130/0.01 et seq. (Illinois State Bar Ed. 2010)].
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 the 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 or the City's control and not resulting from the Developer or the 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. The rights and obligations of the Developer are fully assignable by means of written notice to the City, provided that no assignment shall be deemed to release the Developer of its obligations to the City under this Agreement unless the written consent of the City to release of the Developer obligations is obtained.
13. 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.
14. 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.
15. 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: Raymond D. Berger, Pres
 Broadway Corporation
 Post Office Box 3316
 Rock Island, IL 61204-3316

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

16. This Agreement shall be binding upon and inure to the benefit of the parties hereto, and their devisees, successors and assigns.
17. The preambles contained herein are incorporated in this Agreement by this express reference and made a part hereof.

18. 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

Broadway Corporation

Thomas Thomas, City Manager

Raymond D. Berger, President

ATTEST:

Aleisha Patchin, City Clerk

Exhibit A

Legal Description

Exhibit B

Conceptual Drawings

BROADWAY CORPORATION

PO BOX 3316
Rock Island, IL 61204-3316

City of Rock Island
1528 Third avenue
Rock Island, IL 61201

Attn: Jeffrey A. Eder
Community Development Department

June 16, 2014

RE: Mississippi Café Building Project

Dear Mr. Eder:

This letter is to advise you of a proposed development of the current Mississippi Café Building located downtown at 213 18th Street. As you know, this building has been vacant for many years, poorly maintained, and is in a general distressed and run down condition. In fact, it is beginning to become structurally unsound. I personally own and operate Liberty Building, which adjoins the subject property to the north across the private Alley. Liberty Building is a large 3 story mixed use commercial office building with law Offices, Title Company and Smoking Dog Pub as tenants. Parking has been a continual and long term problem.

For some time now we have been considering a project to redevelop the Mississippi Café Building location into a parking lot to serve Liberty Building. This would entail the acquisition of the Mississippi Café Building, demolition, filling, compacting, grading and paving the property creating a parking lot. We do currently have an Option with the owner, and have obtained estimates from various contractors, as follows:

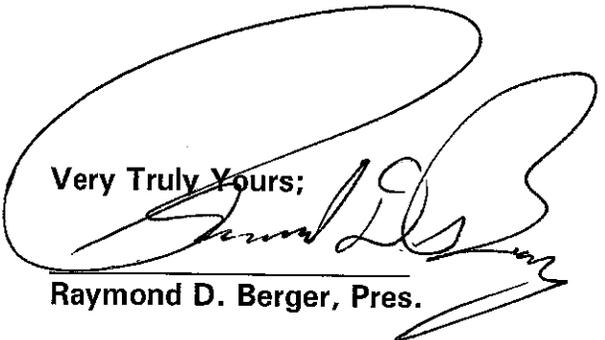
| | |
|-------------------------------------|---------------------|
| Acquisition Cost | \$ 20,000.00 |
| Parking Lot Design | 1,000.00 |
| Asbestos Abatement | 6,750.00 |
| Demolition | 189,580.00 |
| Drainage Grading, Paving & Painting | <u>40,450.00</u> |
| TOTAL DEVELOPMENT COST | \$257,780.00 |

Accordingly, we hereby make a formal request for assistance from the City toward the project. I request that we enter into a Redevelopment Agreement with the City which would provide for a TIF contribution of \$190,000.00 for this project.

The City and downtown mixed use business / entertainment / residential district would benefit greatly by this project. In addition to removing a blighted vacant building from the curb view and city scape, the secured parking for Liberty Building would perhaps allow us to more easily secure business tenants for my current vacant 2nd floor, or perhaps lead to a later residential development of my second and third floors in the future. As a final note, an additional parking lot would relieve some parking pressure in the core downtown area during business hours, and thus present a more customer friendly environment and more likely to leave an impression of street parking availability with our visitors.

I attach a draft site plan for the finished parking lot. If any questions arise or if any additional information is required, please feel free to contact me.

Submitted for your consideration, I remain;

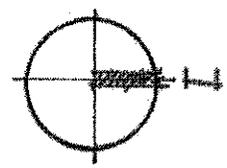
Very Truly Yours;

Raymond D. Berger, Pres.

18TH STREET

EXISTING LIGHT POLE

EXISTING CONCRETE APRON

CURB
SIDEWALK
SCREEN



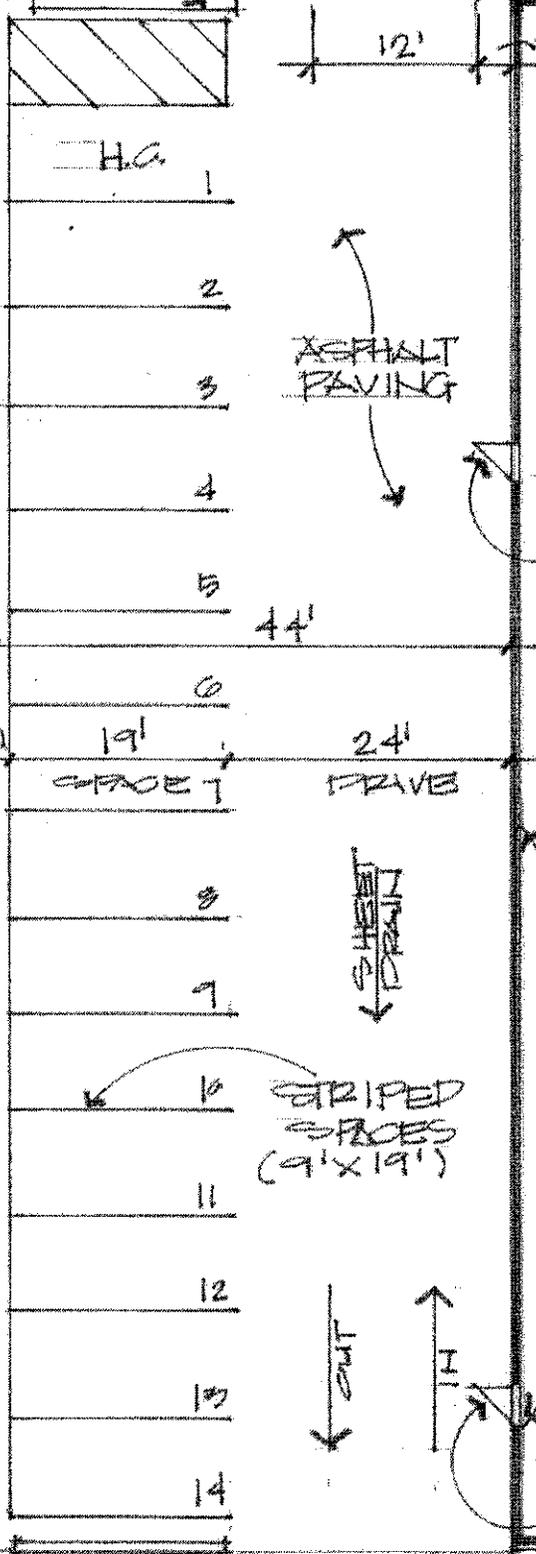
SKETCH
PARKING LOT

6-17-14

SC: 1/16"=1'

VHDF

BUILDING FACE



ASPHALT
PAVING

EGRESS

ROCK ISLAND
TITLE & AGC.

CONTACT:

RAYMOND PERGER
309.786.5476

SITE DATA:

SIZE: 140' x 44'
AREA: 6160 sq ft

PARKING: 1 HANDICAPPED
13 STD SPACE (9' x 19')

MICHAEL J. FINE
608.516.0531
MJFINE@OUTLOOK.COM

ALLEY