

Memorandum Community and Economic Development

To: Thomas Thomas, City Manager
Subject: 1st Street TIF
Date: December 4, 2017



The City of Rock Island is undertaking a number of very exciting projects which require specialized knowledge creating the need to bring in a specialized TIF consultant in the firm of Kane McKenna and Associates Inc. Kane McKenna and Associates will be tasked with consulting work related to the analysis and creation of a new 1st Street TIF along with helping staff develop redevelopment agreements within said 1st Street TIF. Tasks included but not limited to reviewing TIF qualifications, creation of required reports and plans, analysis of development agreements including development of project financial feasibility as it relates to projected creation of tax increments.

RECOMMENDATION:

The Community & Economic Development Department recommends council authorize entering into an agreement with Kane McKenna to perform consulting work related to the creation 1st Street TIF & supported development projects; authorize the City Manager to execute the contract documents.

The Community & Economic Development Department recommends approval of a resolution expressing official intent regarding certain expenditures to be reimbursed from the special tax allocation fund for and/or from proceeds of and obligation issued, if any, in connection with a proposed tax increment financing district commonly described as the 1st Street Redevelopment Project Area.

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

Approved by: Thomas Thomas, City Manager

December 3, 2014



Mr. Jeff Eder
Assistant City Manager/
Community & Economic Development Director
City of Rock Island
1528 Third Avenue
Rock Island, Illinois 61201



RE: Letter of Agreement – Proposed 1st Street TIF District

Dear Mr. Eder:

Kane, McKenna and Associates, Inc. (“KMA”) is prepared to assist the City of Rock Island (the “City”) regarding professional services associated with the review and analysis of a proposed redevelopment project located within the City for several primarily industrial use properties situated within (or near) an area that is bifurcated by 1st Street, and approximately bounded by 6th Avenue to the north; Mill Street/Iowa Interstate Railroad to the west; 18th Avenue to the south; and Route 92 to the east (the “Project”).

TASK 1 – PRELIMINARY TIF AND RELATED FISCAL IMPACT REVIEW

- (1) Assist the City in investigating the desirability and feasibility of utilizing Tax Increment Financing ("TIF") or other appropriate economic development incentives for funding certain redevelopment costs related to redevelopment of the Project.
- (2) As directed by the City, prepare preliminary estimates of tax increment revenues and supportable public assistance.
- (3) Review the characteristics of the Project site in order to recommend the specific boundaries for a TIF district or related economic development programs, and to assess the potential qualification factors (strengths and weaknesses) of any identified area under Illinois law.
- (4) Prepare a Preliminary analysis which assesses the pros and cons of pursuing TIF and/or other forms of economic incentives for the Project.

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At a minimum, the Report will include the following:

- a. Review area for land use and conditions and summarize results.
 - b. Establish preliminary project boundaries.
 - c. Determine area qualifications for a potential TIF District.
 - d. Prepare survey analysis and identify necessary documentation to back up any findings.
- (5) In the event that other local financing programs or economic development tools are complimentary to or alternatives to TIF, KMA would identify programs and a strategy for implementing them and any conditions for their use in connection with the Project.
- (6) For presentation to the City, based on development parameters provided by the City, prepare the initial tax revenue projections and prepare related financing alternatives. Identify potentially eligible public improvements and other activities as well as potential public financing options.

Estimated costs for Task 1 are \$10,000 to \$12,500.

TASK 2 - COMPLETE REDEVELOPMENT PLAN AND PROJECT

Under City direction complete the redevelopment plan and project required by the TIF law. Among other elements the redevelopment plan prepared for the Proposed TIF District will include:

- (1) A statement of redevelopment goals and objectives.
- (2) Examination of TIF qualification factors and presentation of rationale for basis under which the TIF District is to be justified under State law.
- (3) Include Housing Impact Study, if needed, pursuant to the requirements of the TIF Act.
- (4) A statement of eligible redevelopment activities the City may allow under the plan.
- (5) Presentation of estimated costs for the redevelopment projects contemplated for implementation under the plan.

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- (6) A detailed discussion of impediments to the successful redevelopment of the project area and the measures the CITY could undertake to eliminate such barriers so to promote economic revitalization of the project area.
- (7) Assist the City by participating in required public hearings (and public meeting, if housing impact study required), and Joint Review Board meetings, as well as helping to insure preparation and execution of proper notification as required for all meetings.
- (8) Assist the City in participating in meetings with all interested and affected parties, including property owners, and overlapping tax jurisdictions. KMA will help the City to follow the procedures for such gatherings as required by State law.
- (9) Work with the City's counsel to meet all the requirements of Illinois law so to insure proper establishment of the TIF District.
- (10) Assist City's counsel in preparation of the appropriate Ordinances required for adoption of the redevelopment plan and project by the City to legally put in place the TIF District.
- (11) Assist the City to establish and maintain complete documentation files to assure proper support of eligibility findings in order to support legal standing for establishment of the TIF District.

Estimated costs for Task 2 are \$12,500 to \$15,000.

TASK 3 - REDEVELOPMENT PLAN AND PROJECT IMPLEMENTATION

KMA will assist the City as, and if requested, in the implementation of an economic development program to facilitate financing for projects undertaken within the TIF District. Services that will be provided include:

- (1) Arrange and attend meetings with the City pertinent to the negotiation of any TIF redevelopment agreements or projects.
- (2) Provide assistance and information necessary for resolution of any redevelopment agreement related issues between the City and any business and/or developer.

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- (3) Work with the City regarding the most feasible economic public financing strategy for any public improvements or other needs in the proposed Project. Work with the City regarding preparation of "But For" arguments related to potential TIF development proposals.
- (4) Assist the City in drafting and/or redrafting any redevelopment agreements for presentation and negotiations and otherwise perform all duties necessary to facilitate any required agreements on behalf of the City.
- (5) Project anticipated incremental revenues to be generated from potential development projects and judge whether such revenues are reasonable, feasible and are based on acceptable assumptions given each development project's characteristics and potential.
- (6) Provide the City with recommendations regarding proposed revenue/cost projections and the potential funding advantages and disadvantages of various public financing strategies.

Estimated costs for Task 3 are subject to more detailed review and to be authorized by the City.

COMPENSATION FOR SERVICES

The City shall be billed monthly for services at the following rates per hour:

<u>Personnel</u>	<u>Hourly Rates</u>
President	\$200.00/Hour
Executive Vice President	\$175.00/Hour
Officers	\$150.00/Hour
Associates	\$100.00/Hour
Research	\$ 60.00/Hour
Administrative	\$ 25.00/Hour

The estimates for the above tasks would not include: Certified and other mailing costs, legal description, and newspaper notice/publication costs – these amounts are to be paid by the City separately.

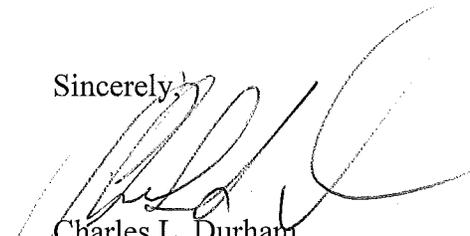
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KMA shall be reimbursed for any expenses for travel outside the Chicago SMSA in connection with services rendered pursuant to this Agreement. It is understood and hereby agreed that KMA shall receive the Client's approval prior to incurring any expense for such travel.

Please indicate City's acceptance of this Agreement by executing the original and copy, and by returning the original to us. We look forward to working with you on this project.

Sincerely,



Charles L. Durham
Senior Vice President

AGREED TO:



Charles L. Durham, Senior Vice President
Kane, McKenna and Associates, Inc.

12/3/2014
Date

City of Rock Island

Date

RESOLUTION NO. _____ - 2014

**A RESOLUTION EXPRESSING OFFICIAL INTENT REGARDING
CERTAIN EXPENDITURES TO BE REIMBURSED FROM THE
SPECIAL TAX ALLOCATION FUND FOR AND/OR FROM PROCEEDS
OF AN OBLIGATION ISSUED, IF ANY, IN CONNECTION WITH A
PROPOSED TAX INCREMENT FINANCING DISTRICT COMMONLY
DESCRIBED AS THE 1ST STREET REDEVELOPMENT PROJECT AREA**

WHEREAS, the City of Rock Island (the “City”) is contemplating the formation of a tax increment financing district commonly described as the 1st Street Redevelopment Project Area (the “District”) for certain real property depicted in Exhibit A, attached hereto and made a part hereof; and

WHEREAS, certain expenditures relating to projects to be undertaken in the District (“Projects”) have been paid within sixty (60) days prior to or after the passage of this Resolution, but prior to the establishment of the District, including, but not limited to, eligible Redevelopment Project Costs (the “Expenditures”) defined by the Illinois Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 *et seq.*, as amended (the “Act”), and such Expenditures may be initially paid from the general fund of the City or by others; and

WHEREAS, the City reasonably expects to reimburse itself or by others for the Expenditures from the Special Tax Allocation Fund for the District and/or with proceeds of an obligation to be issued by the City, if any.

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

Section 1. That the foregoing recitals are incorporated herein by this express reference.

Section 2. That the City reasonably expects to reimburse the Expenditures from the Special Tax Allocation Fund for the District and/or with proceeds of an obligation to be issued

by the City, if any.

Section 3. That the maximum principal amount of such reimbursement or obligation expected to be issued, if any, for reimbursement of the Expenditures in connection with the Project is \$1,000,000.00.

Section 4. That the officials, officers and employees of the City are hereby authorized to take further actions as are necessary to carry out the intent and purpose of this Resolution.

Section 5. That this Resolution shall be in full force and effect immediately upon its passage in the manner provided by law.

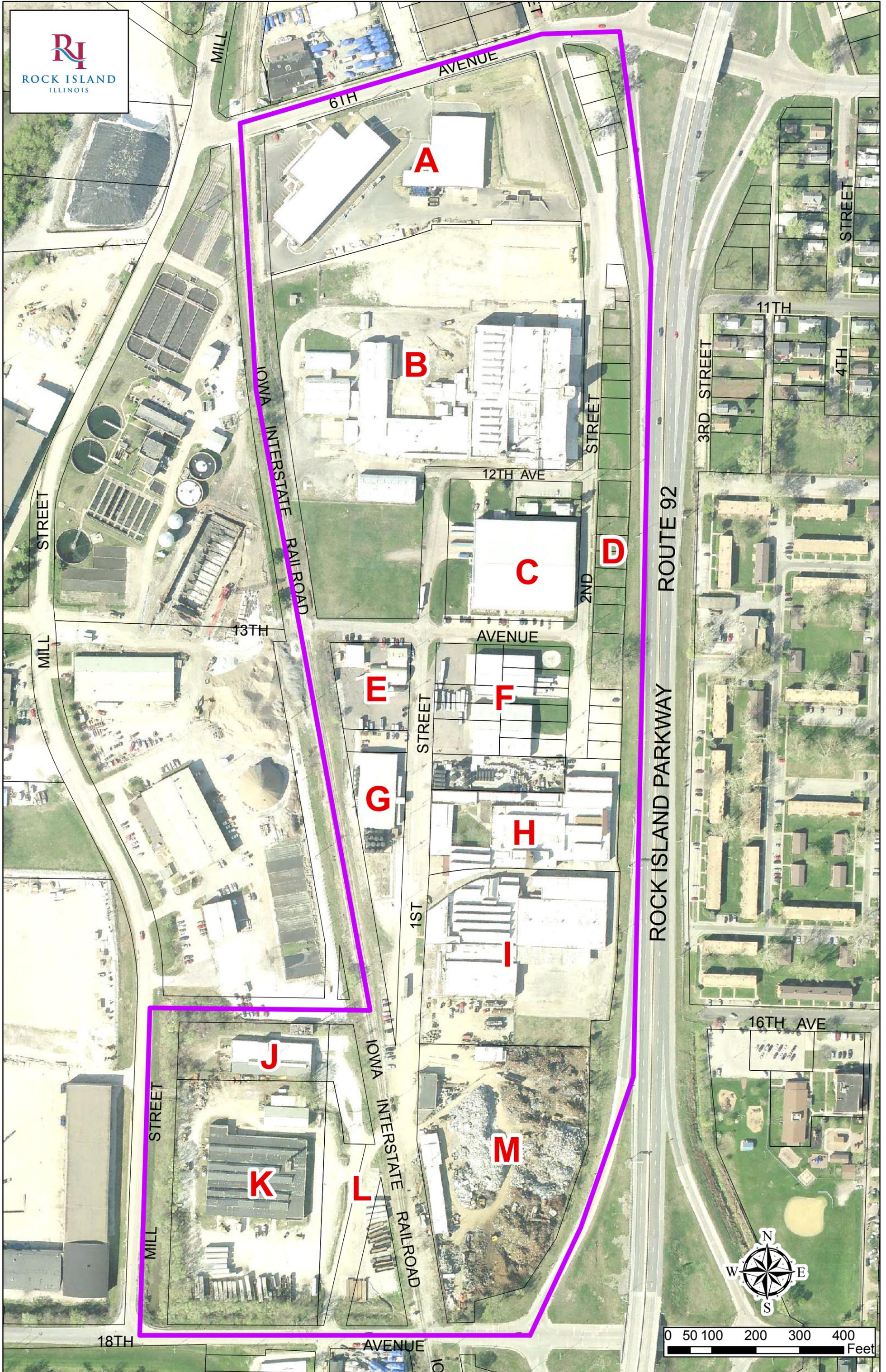
PASSED this 8th day of December, 2014.

MAYOR, CITY OF ROCK ISLAND

CITY CLERK

EXHIBIT A

PROPOSED 1ST STREET REDEVELOPMENT PROJECT AREA



MILL

6TH AVENUE

A

B

C

D

E

F

H

I

G

1ST STREET

L

IOWA INTERSTATE RAILROAD

12TH AVE

AVENUE

ROUTE 92

ROCK ISLAND PARKWAY

11TH

STREET

4TH

3RD STREET

16TH AVE

18TH

AVENUE

MILL STREET

13TH

STREET

MILL

