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**MEMORANDUM  
COMMUNITY AND ECONOMIC DEVELOPMENT**

**TO: John C. Phillips, City Manager**

**SUBJECT: Retail Incubator Project**

**DATE: 7/22/11**

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One of the strategies identified in the Economic Development Strategic Plan is creation of a retail business incubator. The basic concept of an incubator is to create space where small start-up businesses can locate in a supportive environment to enhance their success. The goal of an incubator is to nurture businesses to a point where they can move to larger space. Incubators have proven to be an effective tool for improving the survival and growth of small businesses. The approved FY12 downtown Tax Increment Finance District budget includes an allocation of \$300,000 to support establishment of a retail business incubator.

To facilitate the incubator project, the attached development agreement facilitates a partnership between the city and the Development Association of Rock Island for the purchase and renovation of a building in the District to serve as the incubator. The building, located at 1700/02 2<sup>nd</sup> Avenue is a 5,800 square foot building last used as an office for a title company. The building is in good structural condition and the frontage on both 2<sup>nd</sup> Avenue and 17<sup>th</sup> Street can provide good exposure for retail businesses. The design concept calls for the creation of six spaces ranging from 325 square feet to 450 square feet. The existing building entrance on 2<sup>nd</sup> Avenue would remain however, a second entrance would be created on the 17<sup>th</sup> Street side as well as the installation of window openings to improve both interior lighting and serve as display space for the merchant tenants.

While costs associated with purchase and renovation of the property would be borne by the city, long term maintenance and management of the property would be the responsibility of DARI. The agreement requires use of the property as an incubator so any change would require approval of the city. In addition, a sale of the property would require approval of the city and any sale proceeds would be returned to the city.

**RECOMMENDATION**

Council authorize the City Manager to execute an agreement for the establishment of a retail business incubator.

**SUBMITTED BY: Greg Champagne, Community and Economic Development Director**

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**APPROVED: John C. Phillips, City Manager**

## **AGREEMENT**

THIS AGREEMENT is entered into this 25<sup>th</sup> day of July, 2011 by and between THE DEVELOPMENT ASSOCIATION OF ROCK ISLAND ("Developer") and the CITY OF ROCK ISLAND, an Illinois Municipal Corporation ("City").

WHEREAS, Developer intends purchase and renovate certain real property commonly known as 1700/02 2<sup>nd</sup> Avenue for the purposes of creating a retail business incubator (Project), and;

WHEREAS, it is the intent of the City to support development of a retail business incubator to support new business development, the creation of jobs, expansion of the city's revenue base and increase the level of economic activity in the community;

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

1. Developer agrees purchase and renovate the real property (Property) legally described in Attachment A attached hereto and commonly known as 1700/02 2<sup>nd</sup> Avenue for the purpose of creating a retail business incubator. Said retail business incubator shall be developed in general accordance with conceptual plans attached hereto as Attachment B.
2. Developer agrees to complete acquisition of the Property and to commence renovation work on the Property not later than September 1, 2011 and have all improvements completed not later than December 31, 2011.
3. City agrees to contribute to the Developer the sum of up Three Hundred Thousand Dollars (\$300,000) to be used to support the Project with said contribution derived from Tax Increment Finance (TIF) revenues. 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. Payment of said funds shall be made as follows; a payment of Eighty-Two Thousand Five Hundred Dollars (\$82,500) shall be made at such time as purchase of the property is closed and title conveyed; periodic payments not to exceed Two Hundred Twelve Thousand Five Hundred Dollars (\$212,500) to be based on the presentation of invoices for work performed by the contractor for work completed on renovation of the Property with final payment to be made upon the issuance of a Certificate of Occupancy.

4. City hereby agrees to provide Developer a grant in the amount of Fifteen Thousand Dollars (\$15,000) through the Façade Improvement Program. Said grant shall be subject to program guidelines.
5. City hereby agrees to provide to Developer funds in an amount not to exceed Twenty-Thousand Dollars (\$20,000) to support marketing and promotion of spaces within the Property. Prior to the release of said funds, a representative from the city and the Developer shall meet and confer on the use of the funds.
6. Developer hereby agrees to provide for general management, maintenance and oversight of the Property and to operate said property as a retail business incubator. Developer shall use its best efforts to secure tenants for the Property and shall consult with the City prior to leasing of any space at the Property. Developer shall maintain the Property in good condition subject to normal wear and tear. Should Developer desire to sell the Property, Developer and City shall meet and agree on a sale price. The City shall receive any and all proceeds from sale of the Property.
7. Developer agrees to obtain all necessary federal, state and local permits for work on the Property and to construct the project in accordance with all applicable laws, including, but not limited to building codes, subdivision and zoning regulations and other applicable laws.
8. Developer hereby acknowledges that use of City funds requires compliance with the Illinois Prevailing Wage Act (820 ILCS 1130) as amended.
9. This Agreement shall be governed and construed in accordance with the laws of the State of Illinois with jurisdiction and venue Rock Island County.
10. 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.
11. Delays by the Developer or City in performing its 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

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.

12. Time is of the essence of this Agreement.

13. 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 consent of the City to release of the Developer's obligations is obtained.

14. 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.

15. 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.

16. Notices, demands, consents, approvals or other instruments required to be 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:           Development Association of Rock Island  
120 16 ½ Street  
Rock Island, IL 61201

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

17. This Agreement shall be binding upon and inure to the benefit of the parties hereto, and their devisees, successors and assigns.

18. The preambles contained herein are incorporated in this Agreement by this express reference and made a part hereof.

19. 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

Development Association of Rock  
Island

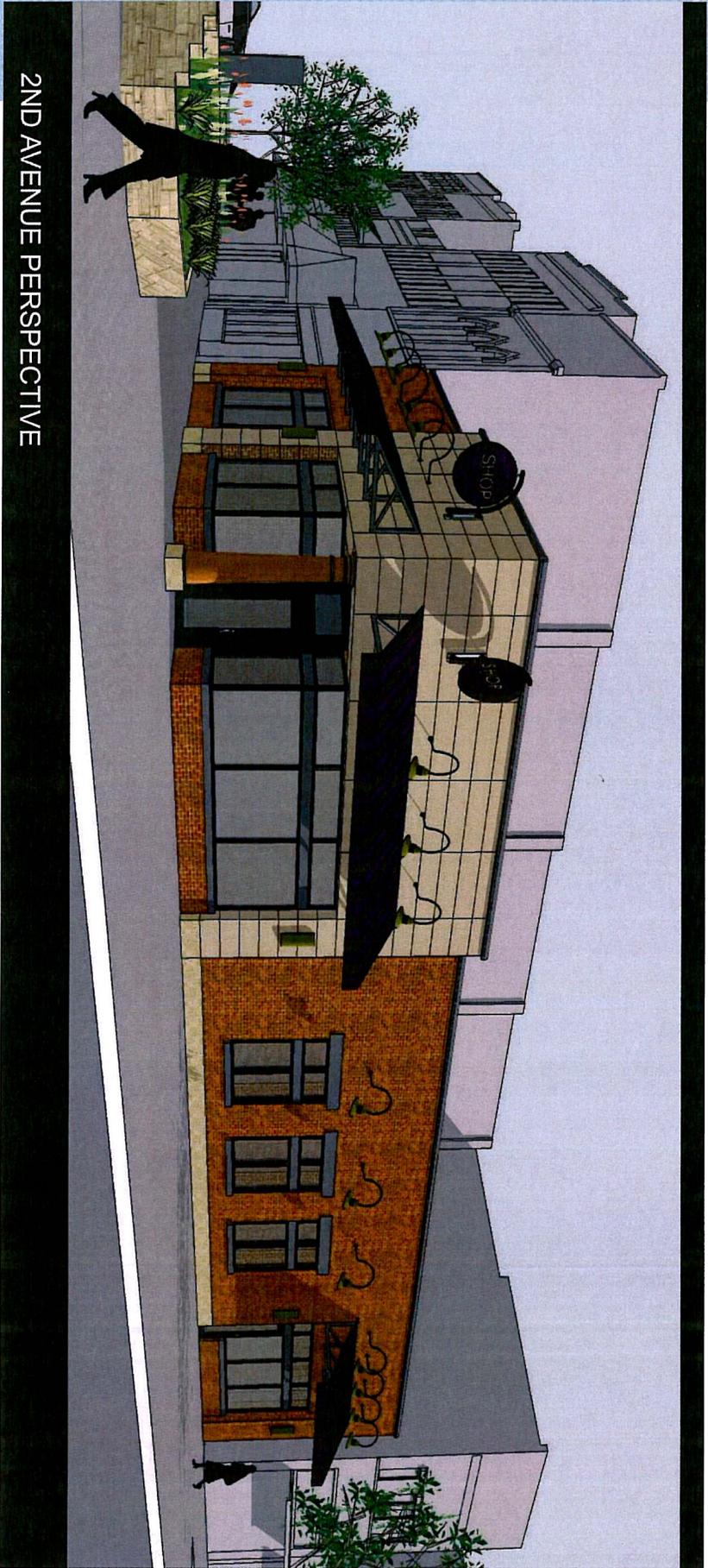
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John C. Phillips, City Manager

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Brian Hollenback

ATTEST:

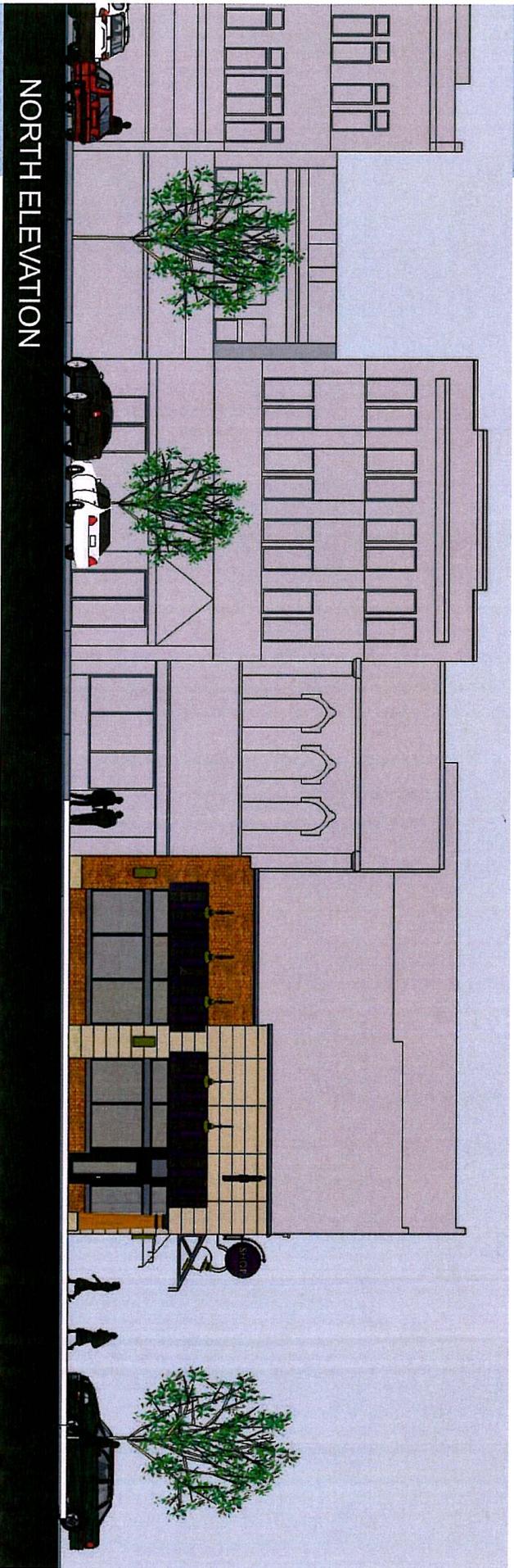
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Aleshia Patchin, City Clerk

# Retail Incubator



2ND AVENUE PERSPECTIVE

# Retail Incubator

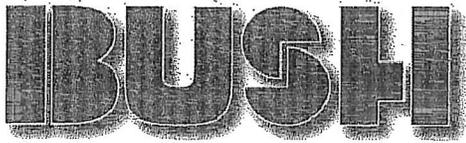


NORTH ELEVATION

# Retail Incubator



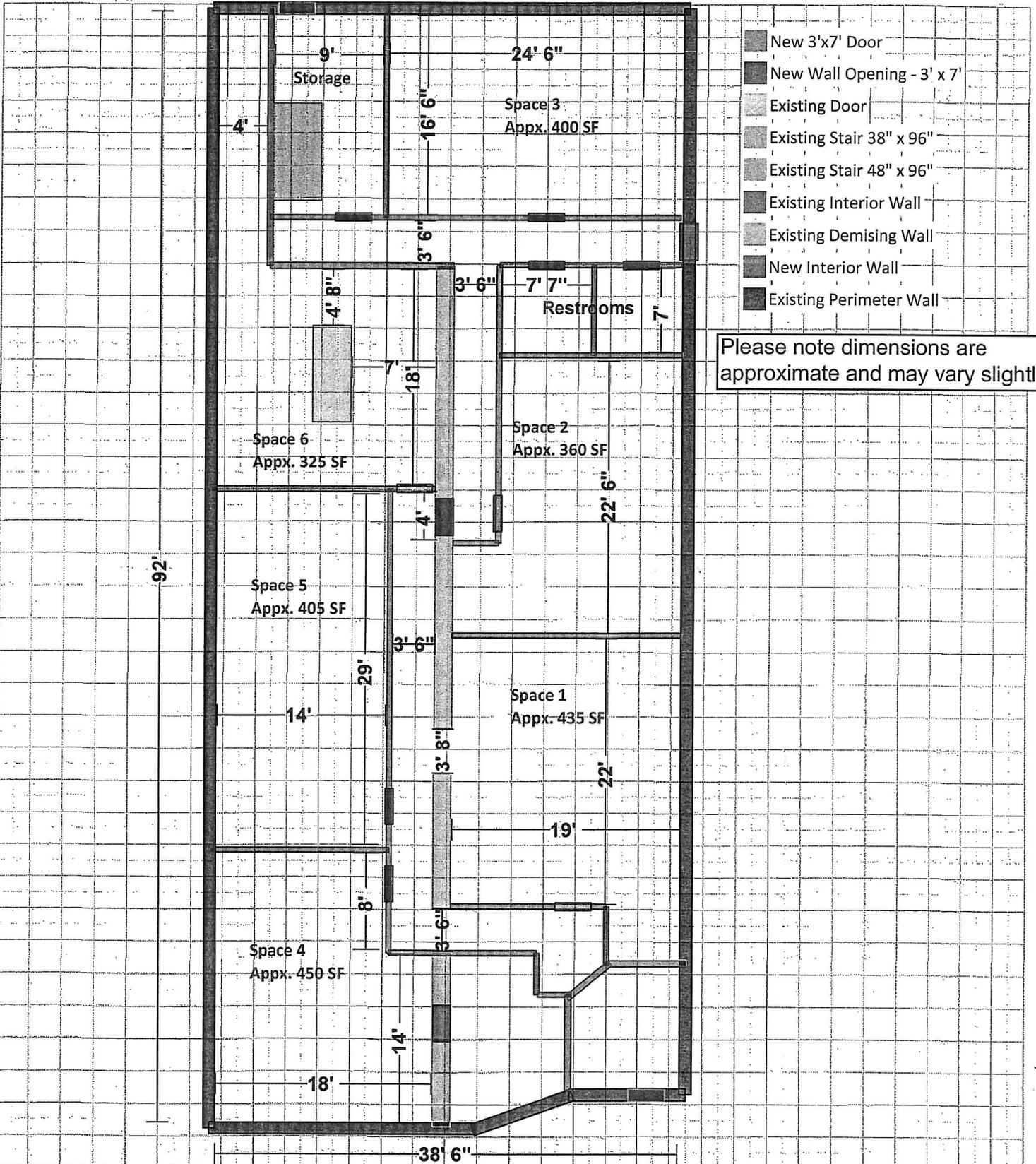
2ND AVENUE AERIAL PERSPECTIVE



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Bush Construction Company, Inc.



Please note dimensions are approximate and may vary slightly