



AGENDA ITEM EXECUTIVE SUMMARY

Agenda Item:	Draft Resolution Authorizing Execution of a Professional Services Agreement for Tax Increment Financing Consulting Services in the Southeast Master Plan (SEMP) area.		
Presenter & Title:	Cathleen Tymoszenko, Economic Development Director		
Date:	September 9, 2019		
Please Check Appropriate Box:			
<input checked="" type="checkbox"/>	Committee of the Whole Meeting	<input type="checkbox"/>	Special Committee of the Whole Meeting
<input checked="" type="checkbox"/>	City Council Meeting	<input type="checkbox"/>	Special City Council Meeting
<input type="checkbox"/>	Public Hearing	<input type="checkbox"/>	Other -
Associated Strategic Plan Goal/Objective: EV:II			
Estimated Cost: \$ 27,460.00		Budgeted? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Other Funding? <input type="checkbox"/> Yes <input type="checkbox"/> No
If "Other Funding," please explain how the item will be funded:			
Executive Summary:			
<p>As per recent policy discussion, development in the Southeast Master Plan (SEMP) area requires significant upfront public and private investment. Overtime, the project is expected to secure approximately eight industrial buildings totaling 2.6 million square feet and spur commercial development at the intersection of RT 38 and Kirk. Tax Increment Financing (TIF) is a potential funding strategy that can help us meet cost challenges with minimal impact to the taxing districts.</p> <p>Attached is a proposal from SB Friedman Development Advisors to evaluate the eligibility and identify an optimal boundary for the potential TIF district. The proposed work to determine eligibility includes fieldwork, analysis of conditions, preparation of documentation and support with designation procedures. The work is divided into phases so expenses are not incurred if the project parameters are altered. SB Friedman was selected for SEMF financing consulting in 2014 when reconnaissance work was initiated. The selection process thoroughly vetted qualified candidates and an expectation that the consultant would continue to advise the City throughout the project duration. Such selection complies with City Code requirements for professional services contracts and provides a continuity benefit to the City.</p>			
Attachments: <i>(please list)</i>			
<ul style="list-style-type: none"> • Resolution Authorizing Execution of a Professional Services Agreement for Tax Increment Financing Consulting Services in the Southeast Master Plan (SEMP) area • Proposal from SB Friedman for Tax Increment Financing Consulting Services 			
Voting Requirements:			
<p><i>This motion requires <u>6</u> affirmative votes for passage.</i></p> <p><i>The Mayor may vote on three occasions: (a) when the vote of the aldermen or trustees has resulted in a tie; (b) when one half of the aldermen or trustees elected have voted in favor of an ordinance, resolution, or motion even though there is no tie votes; or (c) when a vote greater than a majority of the corporate authorities is required by state statute or local ordinance to adopt an ordinance, resolution, or motion.</i></p>			
Recommendation / Suggested Action: <i>(how item should be listed on agenda)</i>			
Motion to approve a Resolution Authorizing Execution of a Professional Services Agreement for Tax Increment Financing Consulting Services in the Southeast Master Plan (SEMP) area.			

RESOLUTION NO. 2019-: 7**RESOLUTION AUTHORIZING EXECUTION OF PROFESSIONAL SERVICES AGREEMENT WITH SB FRIEDMAN DEVELOPMENT ADVISORS FOR TAX INCREMENT FINANCING CONSULTING SERVICES**

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF GENEVA, KANE COUNTY, ILLINOIS, as follows:

SECTION 1: That the City Administrator is hereby authorized to execute, on behalf of the City of Geneva, a Professional Services Agreement for Tax Increment Financing Consulting Services in the amount of \$27,460, in the form attached hereto at Exhibit “A”, to evaluate the eligibility of and identify an optimal boundary for a potential redevelopment project area under a Tax Increment Financing District for the Southeast Master Plan Area and conduct the designation process if applicable.

SECTION 2: The study boundaries are generally defined by Kirk Road, Illinois Route 38, the southerly extension of Kautz Road and Fabyan Parkway, located west of the Kane-DuPage County line, and depicted on the map attached hereto as Exhibit “B”.

SECTION 3: The purpose of the proposed redevelopment plan is to support industrial and commercial development in the area.

SECTION 4: Tax Increment Financing or TIF allows municipalities to carry out redevelopment activities on a local basis. The technique is used to pay for the public improvements and other activities necessary to prepare the Redevelopment Project Area or RPA for private investment. Through TIF, a municipality captures the increase in local real estate taxes, which result from redevelopment and investment within the RPA. This increase in real estate taxes may be used to pay for TIF eligible costs involved in the RPA, as allowed by the Act. By using TIF, the current Equalized Assessed Valuation (“EAV”) of all taxable real estate within the designated area is identified by the County Clerk as of the date of the City’s adoption and filing of the TIF ordinances. This is the base EAV. Taxes are levied on the base EAV in the RPA and such taxes are distributed to all taxing districts that have overlapping tax

authority within the RPA. Any increase in EAV beyond the base EAV results in incremental property tax revenues. The “tax increment” is then deposited into a “special tax allocation fund” held by the City. These funds are then used to pay for or reimburse eligible expenditures made in the RPA.

SECTION 5: Cathleen Tymoszenko, Director of Economic Development will represent the City on this matter and can be contacted for additional information about the proposed redevelopment project area or to provide any comments and suggestions regarding the redevelopment of the area to be studied.

Cathleen Tymoszenko
22 South First Street, Geneva, IL 60134
1-630-232-7449
ctymoszenko@geneva.il.us

SECTION 6: This Resolution shall become effective from and after its passage as in accordance with law.

PASSED by the City Council of the City of Geneva, Kane County, Illinois, this 7th day of, October 2019

AYES: __ **NAYS:** __ **ABSENT:** __ **ABSTAINING:** __ **HOLDING OFFICE:** __

Approved by me this ____ day of _____, 2019.

Mayor

ATTEST:

City Clerk

August 26, 2019

Cathleen Tymoszenko
 Economic Development Director
 City of Geneva, Illinois
 22 South First Street
 Geneva, Illinois 60134

City of Geneva Southeast Master Plan TIF Eligibility Study and Designation

Dear Ms. Tymoszenko:

SB Friedman Development Advisors ("SB Friedman") is pleased to present this proposal to the City of Geneva (the "City") to provide tax increment financing (TIF) consulting services for a potential TIF district centered around the City's Southeast Master Plan ("SEMP") area.

This letter outlines our project understanding, proposed scope of services, timeframe and fees.

Background and Approach

It is our understanding that the City seeks to evaluate the eligibility of and identify an optimal boundary for a potential TIF district for the SEMP area to support a proposed development led by Midwest Industrial Funds ("MIF") and future development in the area. This area is located on the southeast side of the City, roughly defined by Kirk Road, Illinois Route 38, the southerly extension of Kautz Road, and Fabyan Parkway, located west of the Kane-DuPage County line (the "Study Area"). The Study Area is described in Map 1 below. Upon determination that the Study Area is eligible for TIF designation and further direction from the City regarding its planning objectives, we would also develop a TIF District Redevelopment Plan and Project and attend public meetings and hearings required for district adoption.

Map 1: Study Area



We understand that the some of the Study Area may currently be unincorporated. It also appears that some of the vacant land may have been farmed at some point in its history. This scope assumes that the City will resolve and annexation and/or potential vacant land questions prior to TIF adoption.

SB Friedman proposes to support the City's effort to establish a TIF district for the Study Area. Under this proposed scope of services, SB Friedman will work with City staff to conduct a full TIF designation process for the proposed TIF. We have organized our scope of services for this assignment into four primary phases:

- 1) Update TIF Eligibility Reconnaissance Study
- 2) Prepare Redevelopment Plan and Project Document
- 3) Prepare Mailing Lists and Support Notice and Approval Process
- 4) Support Public Approval Process

We will begin the engagement by conducting a TIF Eligibility Reconnaissance Study. As we confirm and document eligibility findings, we will work with City staff to identify and finalize the optimal TIF boundary. Assuming the Study Area is eligible, the designation process would include documentation of previous findings in a formal eligibility analysis, preparation of the TIF Redevelopment Plan and Project document, and completion of the public approval process, including preparation of mailing lists. For budgeting purposes, we have assumed that a Housing Impact Study will not be required.

SB Friedman has broad and deep experience in all aspects of TIF, such as: TIF district designation and amendment, including housing impact studies; developing property tax increment projections for TIF assistance requests and underwriting of various financing obligations; negotiating term sheets and redevelopment agreements; and documenting and supporting TIF compliance activities. We are noted for our rigorous analyses of TIF eligibility, feasibility, and the market, fiscal, economic and related aspects of public-private development projects.

Scope of Services

Our proposed scope of services and work steps for each phase are as follows:

PHASE 1: UPDATE TIF ELIGIBILITY RECONNAISSANCE STUDY

1. Conduct Project Kickoff Call

We will conduct a kickoff call with the City to:

- Discuss the project scope and timeframe;
- Confirm the initial Study Area boundary;
- Discuss farming/land use history of potentially vacant land;
- Discuss the timing and approach by the City to conducting outreach to owners of properties not currently in the City regarding annexation;
- Review existing documents compiled by the City, including the City's current Comprehensive Plan, Southeast Master Plan/Southeast Subarea Plan, and current Zoning Map;
- Review proposed development plans for the SEMP Area from MIF; and
- Identify additional key sources of data that we will need for our analysis.

2. Obtain and Examine Necessary Data

We will pursue key data to determine whether the Study Area qualifies for TIF designation, based on the criteria outlined in the TIF Act. To complete our Eligibility Reconnaissance Study, we will:

- Obtain current GIS parcel shape files and/or existing base maps from the City, and prepare internal base maps;
- Obtain and review available engineering documents related to any wetland or flooding conditions on vacant property;
- Review FEMA flood maps of the area;
- Obtain and review five-year history of building permit data for parcels within the Study Area;
- Obtain information about properties in the Study Area through property owner interviews, as appropriate;
- Prepare PIN list, and order and enter taxpayer and six-year history of equalized assessed values (EAVs) for the Study Area;
- Engage and oversee V3 to review and update the flooding study dated March 3, 2016, for the vacant parcels in the Study Area; and
- Enter, proof and map eligibility criteria, as required.

3. Conduct Fieldwork

We will conduct field research for the Study Area as a whole, and generally, the surrounding context of the Study Area, to document field-observable eligibility factors.

4. Analyze EAV Growth

We will analyze the growth in EAV for both vacant and improved parcels, as applicable, over the past six years (five year-to-year periods) and compare Study Area growth to City growth over that period.

5. Analyze Additional Eligibility Factors/Required Findings and Tests

Data will be analyzed to assess the presence and distribution of factors to establish eligibility and to meet the “but for...” and “lack of growth through private investment” requirements, as outlined in the TIF Act. If for any reason, the Study Area does not qualify for a TIF designation, we will meet with you to discuss potential strategies at that point.

6. Prepare Eligibility Reconnaissance Summary

An Eligibility Reconnaissance Study briefing book documenting the findings of our eligibility research will be prepared.

7. Conduct Call to Discuss Eligibility Findings

We will conduct a call with City Staff to discuss our findings and recommendations, to finalize the TIF boundary, and to advise the City of any annexations, subdivisions or other actions that will be required, based on the proposed TIF boundary. In addition, we will discuss a strategy with the City for pursuing TIF district designation in coordination with the proposed MIF development objectives.

PHASE 2: FINALIZE ELIGIBILITY RESEARCH AND PREPARE REDEVELOPMENT PLAN AND PROJECT DOCUMENT

1. Prepare Maps of the Proposed TIF District

A series of maps of the proposed TIF district will be prepared for inclusion in the Redevelopment Plan and Project document. These maps will include: the proposed boundary, documented distribution of eligibility factors, existing land use, future land use, and acquisition parcels (if applicable).

2. Obtain and Proof Boundary Legal Description

We will engage and manage a licensed surveyor to draft a boundary legal description for the proposed TIF district. If the City prefers to work with a particular surveyor, we will engage with that company; otherwise, we will use a surveyor we have worked with in the past. To ensure accuracy of the boundary legal description, we will conduct a careful proof of it.

3. Prepare Draft of the Redevelopment Plan and Project (Redevelopment Plan) Document

We will prepare a Redevelopment Plan document for the proposed TIF district. We assume this will represent the second half of the combined Eligibility Study and Redevelopment Plan document. As required by the Act, the Eligibility Study and Redevelopment Plan document will include:

- Redevelopment Project Area (RPA) Description
- Formal Legal Description of the RPA Boundary
- Summary of Blight/Conservation Area Conditions and Analysis of Eligibility Factors
- Redevelopment Plan Goals and Project Objectives
- Redevelopment Strategies and Activities
- Existing and Proposed Land Use
- Most Recent EAV and Estimated Future EAV
- Estimated Redevelopment Project Costs (Line Item Budget)
- Assessment of Impacts on Other Taxing Districts
- Affirmative Action Plan
- Statement of Conformance with Other Community Plans

Preliminary projections of incremental property taxes from the TIF district will be prepared to confirm the supportable budget for the TIF plan and estimating the future EAV of the RPA, as required by the Act.

We will prepare a final Redevelopment Plan document combining the Eligibility Study, RPA project plan and budget, legal description, appropriate maps, and other required documentation. We anticipate first preparing draft documents to be distributed to and reviewed by the City. Any revisions to the draft Plan documents will be incorporated into the final Redevelopment Plan document, which will be filed with the City Clerk 10 days prior to introduction to the City Council.

PHASE 3: PREPARE MAILING LISTS AND SUPPORT NOTICE AND APPROVAL PROCESS

1. Create Mailing Lists for Noticing

The Act requires that municipalities make a good faith effort to provide notice of the availability of the Eligibility Study and RPA Plan and Project document and how to obtain the report by mail to all residential addresses within 750 feet of the boundaries of any proposed TIF district. We will prepare a map identifying this buffer area, and conduct fieldwork to gather the addresses in this area. Additionally, we will prepare other mailing lists for noticing, as required by the Act. Our scope includes preparation of the following mailing lists:

- Taxing bodies
- Taxpayers
- Taxpayers of properties within the proposed TIF area for which taxes were not paid in the prior year
- Residential addresses within 750 feet of the TIF boundary

The City may elect to engage a mailing company for preparation and distribution of the mailings or to prepare the mailings using City staff resources.

2. Provide Sample Draft Notices and Ordinances

If desired, we can provide the City with sample draft notices for mailings, public notices to be published in newspapers of general circulation, and ordinances for the adoption of the TIF district.

3. Coordinate Mailing and Noticing Process

While we assume that the City will print and prepare the mailings, and publish required notices in local newspapers, we will coordinate with the City work team to ensure all addresses and notices are provided in a timely fashion. We will work with the City early in the designation process to establish a timeline for mailings and noticing, based on the overall project timeline and the City Council schedule.

PHASE 4: COMPLETE PUBLIC APPROVAL PROCESS

1. Complete Public Approval Process

We will attend and, as appropriate, make presentations at the two key meetings that are part of the review process as provided in the Act. These meetings include the Joint Review Board Meeting and the Public Hearing.

Timeframe and Fees

Based on the scope of the work outlined herein and our experience with similar projects, we estimate it will take approximately 30 to 45 days to complete the TIF Eligibility Reconnaissance Study, 30 to 45 days to complete the Redevelopment Plan and Project, and 90 to 120 days to complete the public approval process. We understand the goal is to adopt the Southeast TIF in early 2020 in coordination with the proposed MIF development timeline. We will work with you to meet any specific deadlines, where possible.

Professional fees for our services will be based on the time required at the billing rates of the SB Friedman personnel assigned to the project. The scope of the engagement and our experience with similar services indicate that our professional fees and expenses will total **\$27,460**, as detailed in the budget chart on page 10 of this letter.

Phase 1: Conduct Project Initiation & Eligibility Reconnaissance Study	\$10,275
Phase 2: Prepare Redevelopment Plan and Project Document	\$7,710
Phase 3: Prepare Mailing Lists and Support Notice and Approval Process	\$3,425
Phase 4: Complete Public Approval Process	\$5,650
<u>General Expenses</u>	<u>\$400</u>
TOTAL SB FRIEDMAN FEES AND EXPENSES	\$27,460

Other expenses to be incurred directly by the City:

- Surveyor - Boundary Legal Description
- Engineer - Flooding Study Update

This fee estimate is based upon the detailed work steps and time budgets shown in the attached budget table. Actual billings will be based on time expended at the special project rates that are currently as follows:

Senior Vice President	\$255
Vice President	\$220
Associate Project Manager	\$190
Associate	\$155
Research Associate	\$140
Editor	\$115

Travel, publications, maps, outside data, report reproduction, and other out-of-pocket expenses will be billed as incurred without mark-up. We anticipate that the City will publish notices in the local paper and have not included an allowance for these costs.

This fee estimate is subject to revision if the engagement entails more time than estimated due to problems that are encountered that could not reasonably have been foreseen at the commencement of the engagement or if the scope is changed. In this event, we will discuss the matter with you so that a mutually acceptable revision may be made. If the time spent on this engagement is substantially less than we have estimated, we will bill you a lesser amount.

This estimate contemplates our attendance at the following meetings:

- Joint Review Board Meeting
- Public Hearing

Additional meeting time and additional services, beyond what has been included in the budget, will be billed at the project rates outlined above.

Invoices will be rendered not more frequently than monthly as our work progresses for services and costs incurred. These invoices are payable within 30 days. If at any point the decision is made to discontinue our services, our fee will be based upon the actual time expended and out-of-pocket costs incurred to that date.

LIMITATIONS OF ENGAGEMENT

Our report will be based on estimates, assumptions, and other information developed from research of the market, knowledge of the industry, and meetings during which we will obtain certain information. The sources of information and bases of the estimates and assumptions will be stated in the report. Some assumptions inevitably will not materialize, and unanticipated events and circumstances may occur. Therefore, actual results achieved during the period covered by our analysis will necessarily vary from those described in our report, and the variations may be material.

The terms of this engagement are such that we have no obligation to revise the report to reflect events or conditions which occur subsequent to the date of the report. These events or conditions include, without limitation, economic growth trends, governmental actions, additional competitive developments, interest rates, and other market factors. However, we will be available to discuss the necessity for revision in view of changes in the economic or market factors affecting the proposed project.

Our study will not ascertain the legal and regulatory requirements applicable to this project, including zoning, other state and local government regulations, permits, and licenses. No effort will be made to determine the possible effect on this project of present or future federal, state or local legislation, including any environmental or ecological matters.

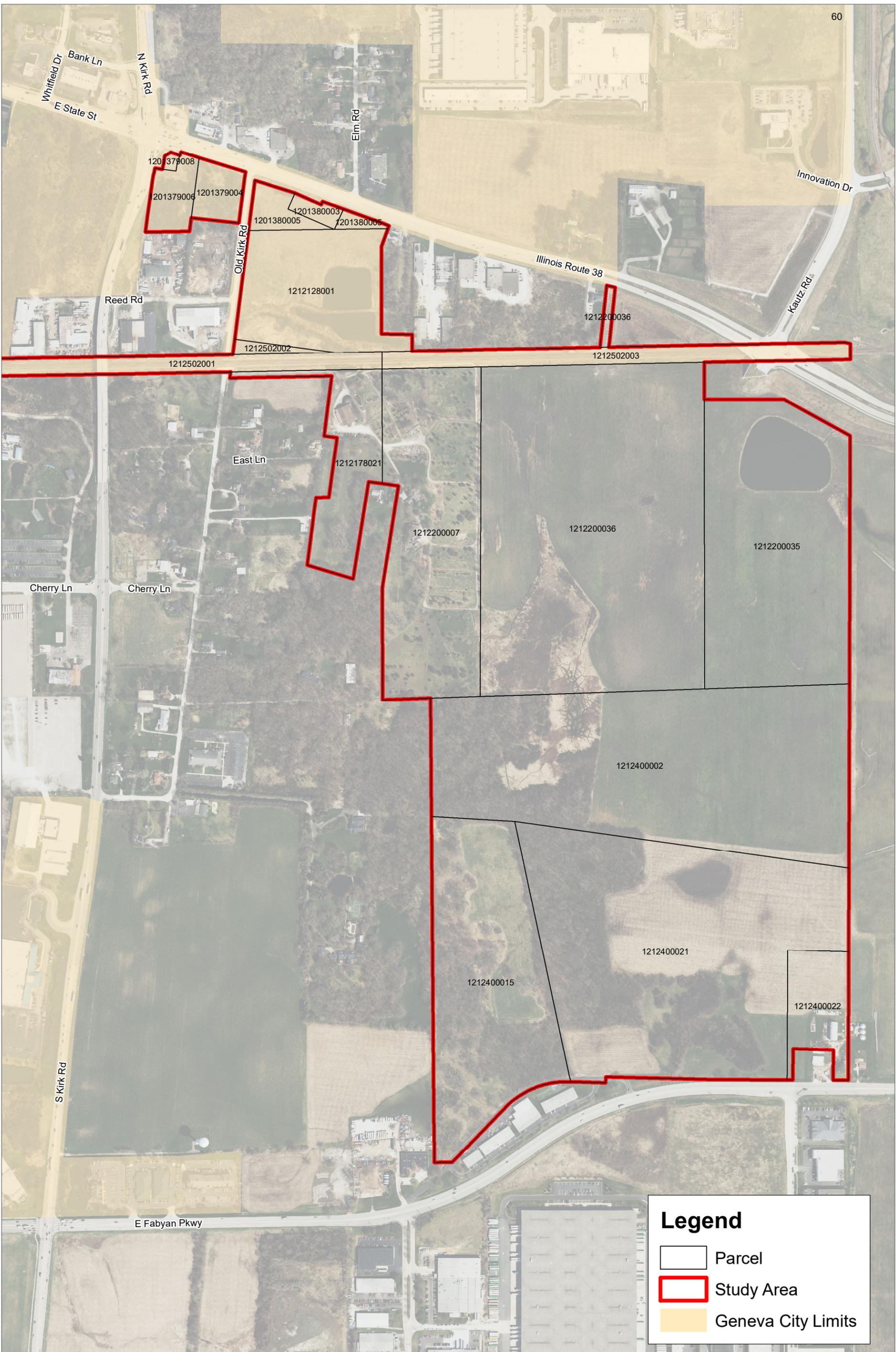
Furthermore, we will neither evaluate management's effectiveness, nor will we be responsible for future marketing efforts and other management actions upon which actual results will depend.

Preliminary TIF projections are anticipated to be prepared under this engagement for the purpose of estimating the approximate level of increment that could be generated by proposed projects and other properties within the proposed TIF district boundary and from inflationary increases in value. These projections are intended to provide an estimate of the final equalized assessed value (EAV) of the TIF district for inclusion in the final report and to provide a level of assurance that the increment to be generated would be sufficient to cover estimated project costs.

As such, our report and the preliminary projections prepared under this engagement are intended solely for your information, for the purpose of establishing a Tax Increment Financing district, and may be reviewed by private institutional lenders in support of potential debt obligations. These projections should not be relied upon by any other person, firm or corporation, or for any other purposes. Neither the report nor its contents, nor any reference to our Firm, may be included or quoted in any offering circular or registration statement, appraisal, sales brochure, prospectus, loan, or other agreement or document intended for use in obtaining funds from individual investors, without prior approval.

Detailed Budget

	Person:	Senior Vice President	Associate Project Manager	Associate
Special TIF Project Rates	Rate:	\$ 255	\$ 190	\$ 155
Phase 1: Conduct TIF Eligibility Reconnaissance Study				
Conduct Project Kickoff Call		1	1	1
Obtain/Examine Existing Reports/Data		1	1	6
Conduct Fieldwork			8	8
Analyze EAV Growth			1	4
Analyze Additional Eligibility Items		1	2	8
Prepare Eligibility Reconnaissance Study Summary		1	4	8
Conduct Call to Discuss Eligibility Findings		1	1	1
Subtotal Hours for Phase 1-Conduct Eligibility Recon Study	59	5	18	36
Subtotal Dollars for Phase 1-Conduct Eligibility Recon Study	\$ 10,275	\$ 1,275	\$ 3,420	\$ 5,580
Phase 2: Prepare Redevelopment Plan and Project Document				
Prepare Maps and Graphics			2	4
Obtain and Proof Boundary Survey/Legal Description		1	2	2
Prepare Draft of the Redevelopment Plan and Project (Redevelopment Plan) Document		3	10	20
Subtotal Hours for Phase 2-Prepare Redevelopment Plan	44	4	14	26
Subtotal Dollars for Phase 2-Prepare Redevelopment Plan	\$ 7,710	\$ 1,020	\$ 2,660	\$ 4,030
Phase 3: Prepare Mailing Lists and Support Notice and Approval Process				
Create Mailing Lists for Noticing				
A. Prepare Buffer Map				2
B. Conduct Fieldwork and Collect Addresses				8
C. Enter Addresses/Obtain Postal Information				4
D. Compile/Proof List for Mailing				4
Support Mailing and Noticing Process		1	2	
Print/Package/Mail All Applicable Notices				Assumed Completed by City
Subtotal Hours for Phase 3-Prepare Notices and Mailing Lists	21	1	2	18
Subtotal Dollars for Phase 3-Prepare Notices and Mailing Lists	\$ 3,425	\$ 255	\$ 380	\$ 2,790
Phase 4: Complete Public Approval Process				
Prepare/Attend/Present at Joint Review Board		6	6	2
Prepare/Attend/Present at Public Hearing		6	6	
Subtotal Hours for Phase 4-Complete Public Approval Process	26	12	12	2
Subtotal Dollars for Phase 4-Complete Public Approval Process	\$ 5,650	\$ 3,060	\$ 2,280	\$ 310
Total Hours	150	22	46	82
Total Dollars	\$ 27,060	\$ 5,610	\$ 8,740	\$ 12,710
General Expenses	\$ 400			
TOTAL BUDGET FOR Phases 1 Through 4	\$ 27,460			
Allowance for Boundary Legal	Assumed incurred directly by City			
Engineering/Flooding Study	Assumed incurred directly by City			
Mailing Costs and Title Company Tax Delinquency Research	None Assumed			
TOTAL ESTIMATED PROJECT BUDGET	\$ 27,460			



Legend

- Parcel
- Study Area
- Geneva City Limits

SOUTHEAST MASTER PLAN STUDY AREA PARCEL IDENTIFIER



1 inch = 500 feet

Information shown on this map is schematic in nature and accuracy is not guaranteed. It is the responsibility of the user to field verify all information shown. The data is subject to change without notice. Original base maps provided via intergovernmental agreement with Kane County GIS- Technologies. Reproduction without permission from the City of Geneva is forbidden.



GENERATED BY:
City of Geneva, Illinois
Engineering Division
M.B. - August 2019