



Request for Board Action

Agenda Item: 01

Staff Contact: Patrick Brennan, Administration
Susan Criezis, Community Development

Considered By:

Village Board
Village Board
Finance Committee

Date:

10/15/18
07/16/18
04/16/18

Subject: Presentation and Discussion of the Initial Tax Increment Financing District Feasibility Analysis

Summary: As directed, an initial tax increment financing district eligibility report was prepared. A representative of Teska Associates will present the report and address questions. Upon direction to proceed, the proposed next step would be to determine the proposed investment in the potential district and projected incremental revenue for expenses.

Background of Matter: Over the past several years, the Village has taken a comprehensive look at the annual budget, revenue streams, and assets that may be under-utilized. During the reviews, the financial dependence upon property taxes to support the majority of Village services was noted. Typically, communities have an ability to supplant sales tax revenue generated from the business district(s) to relieve pressure on property taxes. Historically, the Kenilworth business district has not been a significant source of sales tax revenue.

Over the past several years, the Village Board has taken steps to help improve the desirability of and activity within the business district. The Village's involvement with the Chamber of Commerce and proactive adoption of a liquor code are two examples. In April, the Finance Committee reviewed a presentation from Mr. Lee Brown of Teska Associates. Mr. Brown provided the group with an overview of the Tax Increment Financing (TIF) district as a potential tool to spur investment in business districts. The Committee expressed an interest in exploring if the Green Bay Road and Park Drive business district area may meet the necessary eligibility requirements.

The Village released an RFP for assisting the Village with exploring the TIF process and implementation. Teska Associates responded to the call for proposals and was the sole proposer to recommend a Phase I with a narrow scope which was intended to determine if the necessary eligibility conditions were present before moving to more costly phases. Teska began their Phase I work several months ago and their draft report is included with this board action report. It is anticipated that Mr. Brown will be present to both present the report findings and address questions.

Upon conclusion of the presentation, the Village Board of Trustees will be asked if there is a consensus to further explore initiation of a TIF district. Mr. Brown has proposed breaking Phase II into two sub-phases. Phase IIa would involve developing a list of needed and eligible improvements and programs within the study area as well as projecting potential increment revenue to the area. Upon review of the information, the Village Board would determine if there was a desire to move to Phase IIb, which would involve combining all of the data and

information into the Eligibility Report and determining the desired district boundary. Upon completing Phase II, the Village Board would determine if there was a desire to initiate Phase III, preparation of a Project Redevelopment Plan.

Financial Impact: The proposal from Teska Associated was comprised of four phases as listed below:

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|------------------|---|-----------------|
| Phase I | Initial assessment to determine if a TIF district could be established. (current phase) | \$2,500 |
| Phase II | Preparation of Formal Eligibility Report | \$10,750 |
| Phase III | Preparation of Project Redevelopment Plan | \$5,500 |
| Phase IV | TIF Adoption Process with Joint Review Board and Public Hearing | \$5,500 |
| | Maximum Total Reimbursable Expenses | \$500 |
| | Total | \$24,750 |

Recommendation: The Village Manager recommends that the Village Board consider the information presented by Teska and, if desired, direct the initiation of Phase II.

Attachment: Scope of Services Proposed by Teska
Draft Tax Increment Financing Eligibility Report