

<p>Village President P. Sean Michels</p> <p>Village Clerk Cynthia Galbreath</p> <p>Village Administrator Brent M. Eichelberger</p>	 <p>10 S. Municipal Drive Sugar Grove, Illinois 60554 Phone: 630-466-4507 Fax: 630-466-4521</p>	<p>Village Trustees</p> <p>Robert Bohler Kevin Geary Mari Johnson Rick Montalto David Paluch Thomas Renk</p>
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**Agenda
January 3, 2012
Regular Board Meeting
6:00 P.M.**

1. Call to Order
2. Pledge of Allegiance
3. Roll Call
4. Public Hearing:
 - a. Proposal of a Tax Increment Financing District Designation for the Sugar Grove Industrial Redevelopment Project Area No. 1
5. Appointments and Presentations
 - b. None
6. Public Comment on Items Scheduled for Action
7. Consent Agenda
 - a. Approval: Minutes of the December 20, 2011 Meeting
 - b. Approval: Vouchers
8. General Business
 - a. None
9. New Business
10. Reports
 - a. Staff Reports
 - b. Trustee Reports
 - c. Presidents Report
11. Public Comments
12. Airport Report
13. Closed Session: Land Acquisition, Personnel, Litigation
14. Adjournment

**Committee of the Whole
Cancelled**

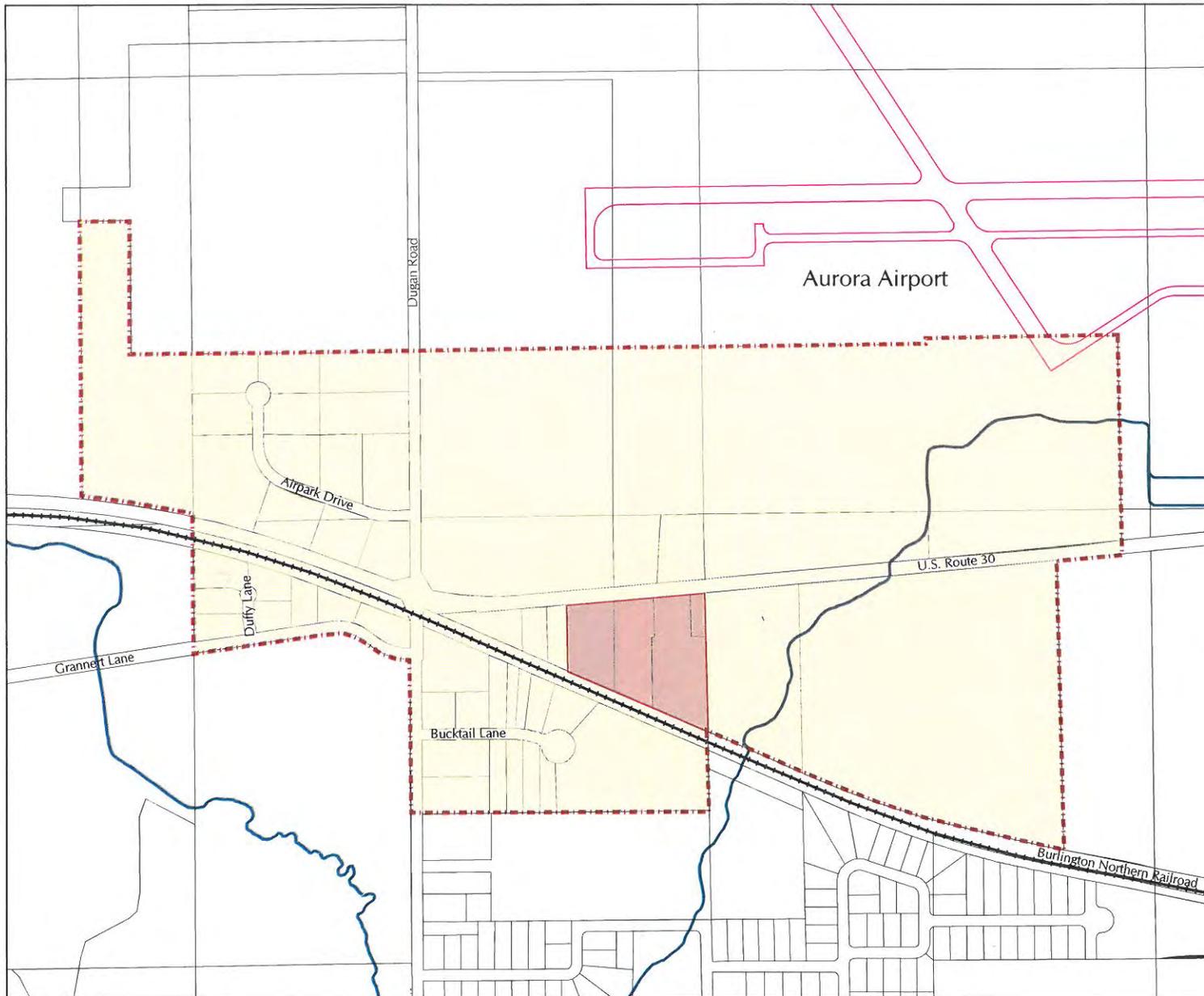


FIGURE "A"

Boundary Area Map
Sugar Grove, IL



November 2, 2011



LEGEND:

- Railroad
- Waterway
- Project Area
- Eligible "Conservation Area"
(within TIF Project Area)

0 575 1,150 Ft.



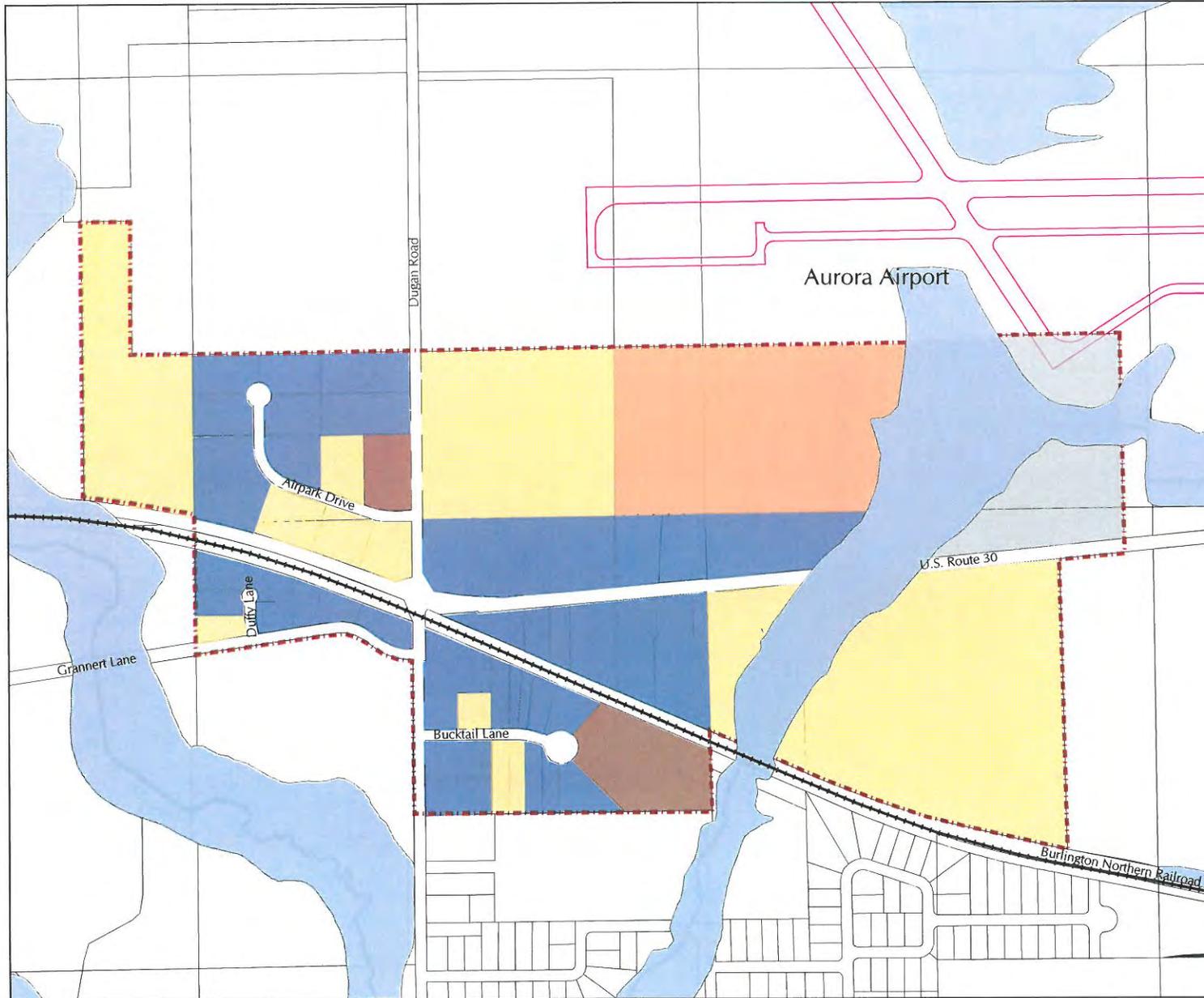


FIGURE "D"

Potential Redevelopment Sites Map
Sugar Grove, IL

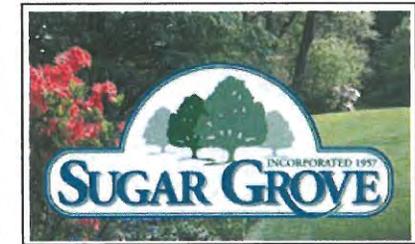


November 2, 2011

LEGEND:

- ① VACANT - DEVELOPABLE
- ② VACANT - LAND LEASE POSSIBLE
- ③ VACANT - NOT DEVELOPABLE
- ④ EXISTING USE
- ⑤ EXISTING BUILDING - VACANT
- FLOODPLAIN - NOT DEVELOPABLE

0 575 1,150 Ft.



**VILLAGE OF SUGAR GROVE
BOARD REPORT**

TO: VILLAGE PRESIDENT & BOARD OF TRUSTEES
FROM: RICHARD YOUNG, COMMUNITY DEVELOPMENT DIR.
SUBJECT: PUBLIC HEARING TO CONSIDER COMMENTS REGARDING
THE ESTABLISHMENT OF THE SUGAR GROVE INDUSTRIAL
TAX INCREMENT FINANCING (TIF) DISTRICT
AGENDA: JANUARY 3, 2012 VILLAGE BOARD MEETING
DATE: DECEMBER 30, 2011

ISSUE

Should the Village establish the Sugar Grove Industrial Tax Increment Financing (TIF) District Number 1, which includes a total 324 acres, as outlined in the Redevelopment Plan and Program.

DISCUSSION

The next step in the establishment of the Sugar Grove Industrial TIF District is the Public Hearing to consider comments on the proposed TIF District Number 1 area. Questions that the Staff received and answers presented to the Joint Review Board are outlined as follows:

The proposed TIF does not meet the “but for” test.

Staff and our consultants believe that the “but for” test is met due to the following:

- *Most of the area has been zoned for industrial development for over 20 years but still has not been fully developed.*
- *The area lacks sanitary sewer service, which is critical for industrial activities.*
- *There is only limited water service to the area which is also critical for growth.*
- *Without basic infrastructure in place, businesses will eliminate this area from consideration for new development.*

The reduction in EAV criteria has not been met.

- *With the following language from the State TIF Act, Staff and our consultants are confident that the criteria has been met: “The total equalized assessed value of the proposed redevelopment area has declined for three of the last five calendar years in which information is available or **is increasing at an annual rate that is less than the balance of the municipality for three of the last five years** for which information is available or is increasing at an annual rate that is less than the Consumer Price Index for All Urban Consumers published by the United States Department of Labor or successor agency for three of the last five*

calendar years for which information is available.” The bolded portion of the statute above is a fact for the subject area.

Deterioration is not correct where improvements were being made (roof repairs on the old restaurant site on the south side of US Rt.30).

- *As for eligibility, there were four parcels in the “conservation area” and it was determined that two of them had building deterioration (50%) and there were deteriorated site improvements (mostly parking lots) on all four parcels. There is no minimum number or percent required. It was noted during the consultants field work that the restaurant site owners were doing some repairs, but it was still in a state of deterioration.*

The 12 Acre Conservation Area is too small of an area to qualify.

- *The purpose of the Industrial Park Conservation Area TIF is different than a traditional Blighted or Conservation Area TIF, and has different criteria identified in the statute. The focus of an Industrial Park Conservation Area TIF is to promote development of vacant industrial land, which is the case for Sugar Grove. As such, this type of TIF is less focused on redevelopment of blighted areas and requires that the conservation or blighted area be adjacent to vacant industrial areas, rather than evident throughout the TIF area as required by a traditional conservation area or blighted area TIF. As noted by the consultants, they have found no minimum size requirement for the conservation component of an Industrial Park Conservation Area TIF other than the minimum size of any TIF, which is 1.5 acres.*

EAV Calculation of Airport Property.

- *It was noted that the airport property is generally tax exempt, but that buildings on the airport property are used by private corporations and those buildings are subject to property taxes and thus can contribute to the TIF. The consultants calculated projected EAV growth from the developable airport (City of Aurora) property based on comparables from within the study area. To project future EAV, the consultant calculated a square foot value based on the most recent (2010) comparables and used these values in projecting additional growth in tax base based on available developable land under airport control within the TIF area.*
- *It should be noted that there has been no clear trend in EAV values for these parcels as they have gone up in some years and down in others.*
- *It was also noted that while it is definitely not evident in the trends, the assessor does apply a formula to leasehold improvements which essentially reduces the value based on the length of the lease. In theory, when the lease expires, the assessed value is zero. However, if after the end of the lease term a new lease occurs, the assessed value would then go back up based on the value of the building and the lease. As such, the consultant felt comfortable with the original EAV estimates for the airport property based on the actual trends over the past five years.*
- *The consultant would suggest that the Village should take into consideration the length of any lease before TIF incentives are offered on any site, review with the*

assessor how specific improvements would be assessed prior to entering into a redevelopment agreement, work closely with the City of Aurora to ensure that any TIF incentive related improvements on airport property would not impact any potential federal funding. This is particularly related to provisions of Part 16, Rules of Practice for Federally Assisted Airport Proceeding, Title 14.

If some of the airport property was to be included, why not add it all into the TIF?

- *It was noted that one of the major objections to the original TIF was that the proposed area was too large so there was an effort to include only a limited amount of airport frontage along US Rt. 30.*

Would the EAV for the properties within the TIF area be frozen at the start of the TIF IN 2012?

- *If the TIF is established in 2012, the EAV would be frozen at that point in time. If the EAV went up or down the base would stay at the same level as at the start of the TIF.*

What would happen if the value of land continued to drop?

- *It was noted that if the value of land continued to drop there would be no revenue to pay back developer so they would not get paid back until revenue picked up. It boils down to where does the cash come from? Just like the use of a sales tax rebate agreement, if the retailer doesn't sell anything, there are no funds to rebate.*

At the conclusion of the JRB Meeting held on December 15, 2011 there was a motion to approve the planning document for the redevelopment area noting that the JRB finds that the plan satisfies the eligibility criteria and objectives of the TIF Act. By a vote of 5-5 the motion failed.

As a reminder, at a Public Hearing the Village Board listens to all the comments, but does not engage in policy discussion at the public hearing. Comments are then taken into consideration by the Board when discussing the issue. The Board will discuss the TIF at the COTW Meeting on January 17, 2012.

ATTACHMENTS

1. Proposed TIF Boundary Area Map
2. Potential Redevelopment Sites Map

COST

There are estimated costs of \$500 for the publishing of the public hearing notice.

RECOMMENDATION

That the Village Board hold the public hearing and take no action.