

CITY OF BATAVIA

DATE: February 8, 2013
TO: Community Development Committee
FROM: Bill McGrath, City Administrator
SUBJECT: TIF finances and planning

The last meeting did not leave much time for quality discussion of the TIF finances and the impact they have upon the 2 basic strategies for the downtown. Those are streetscape improvements (which includes purely aesthetic issues, infrastructure not paid for by utilities, and some safety improvements) and use of funds for property acquisition and actual redevelopment projects. Redevelopment projects include the grant programs currently under discussion and miscellaneous smaller projects such as assistance to upgrade the Riverwalk).

Attached are 2 spreadsheets. The first (Example #1) is the most recent rendition of the spreadsheet which includes conservative estimates as to continued TIF revenues, and the most accurate numbers we have on several projects. The River Street project is still being closed out, and we still have not received IDOT's conclusion as to the results of the Wilson Street project. We have third party engineer's estimates for Houston Street, staff engineers' estimates for Batavia Avenue and South Water. These comprise the projects that have firmly been discussed, though Water Street has not been formally adopted as following Batavia Avenue to my understanding.

Other costs that might arise on the "streetscape side" are upgrades to "neighborhoods" or areas not yet fully discussed or included in current projects, though they may appear in the Streetscape Framework Plan. These include the following, along with some relevant issues relating to each regarding timing or importance:

1. Wilson Street between River and Prairie Street. While we are getting new sidewalks and some rearrangement of lights, etc as part of the Interconnect project, there are no true streetscape elements planned for this area at this time. Unless there is a change to the actual Prairie and Wilson intersection required related to the tracks, the 2017 Prairie Street rebuild is independent of any further Wilson Street streetscape activities. The ½ block where the Baptist Church is located is also seen as a redevelopment block so there is a better chance for integrated design and improvements.
2. North Island Ave. and N Water Street. These two streets were the legs of the Houston Street project. Staff considers the 0-100 block of N. Water to be a redevelopment site, especially with the possibility of the Methodist Church acquiring the Hubbard's building. A sidewalk on the west side is on our "safety" list but we will be working on some right of way issues that have arisen when we began discussing a request by the Church to change the zoning of the former Hubbard's Office furniture building. It may require some survey work and involve the Open Range property. Island Avenue we feel, esp. with the corners at Wilson being improved, is not in need except for possibly bike route signage which is being worked on.
3. First Street & Shumway were the legs of the S. Water Street neighborhood. First Street will be a very expensive proposition and there is great uncertainty because of its designation as the bridge route which may involve road (and utility) relocation at the east end. We are concerned with the lack of sidewalk to service the BEI properties in the area and will be putting in a corner to accommodate a crosswalk this year. However, a new

sidewalk from the BEI offices west to that new corner may require some tough design work, not only because of drainage issues associated with its industrial nature and sunken dock, but the fact that several parking spaces are directly accessed by driving across what would be the sidewalk area. We will be doing some striping to make sure the recommended ped path is obvious. Shumway is in limbo because of the Walgreens project.

There are a few observations to be made about spreadsheet Example #1.

1. The costs for River St. and Wilson are not final. The Wilson St. low bid is apparently approximately \$400,000 below engineer's estimate, but IDOT has to finish its analysis of the bids and bidders before it is finalized. The magnitude of the difference between bid and estimate is concerning.
2. The costs for Batavia Avenue and S. Water are estimates only, and of course are dependent upon actual design. For S. Water we have designed a simple street with sidewalks and parking on both sides. It may require obtaining additional property, but in the far future. If and when a bridge is built, and this is still the preferred route, the NW corner of Main & Water will have to be reconfigured for trucks. We don't know the implications of improvements to the BEI property at the S.E. corner of First and Water as has been exhibited over the last few years.
3. We don't know what miscellaneous items will arise that would be TIF eligible and appropriate. As you can see we have budgeted \$200,000 annually for grants, etc, but a look at this year's TIF budget reveals there are many legitimate issues within the districts.
4. You will see a deficit shown at the end of 2013. We believe that the Wilson Street project, for which the cost is advanced by the State of Illinois and billed back to the City later, will actually be paid over 2013 and 2104, so we are not concerned. In fact, if you notice, we have shown the cost of Batavia Avenue, (which currently does not have the benefit of any outside funding at this time, is spread over 2 years, because that again will be a State-managed project.
5. Going ahead with Houston Street at its current estimated cost will require a loan from the General Fund for cash flow purposes, as has been discussed several times. We show it being paid off over the next 5 years.
6. Cell G26 shows a projected estimated sum of \$8.6 million for streetscape through 2017 and Cell N24 shows a projected \$7 million available from 2017 through 2027 for redevelopment projects aside from grants, loans and miscellaneous. This roughly approximates the 50/50 policy regarding use of TIF funds as between streetscape and redevelopment.
7. However, there are implications to the current timing shown in this spreadsheet. The \$7 million will be less in real dollars because of the period of time over which it is produced, the \$8.6 million is in current dollars, and the \$8.6 will be more because of rises in construction costs. There will most likely be a need for larger lump sums in terms of cash for redevelopment projects, so if borrowing is required, there will be a decrease in useful funds due to interest. There will also be a decreased number of years to pay a loan back, whether it is a City-issued bond or a developer-based bank loan, so less will be able to be financed and there will be much larger payments. Lastly, the decreasing term of the TIF will leave less time for the TIF to reap the benefit of the new values due to

redevelopment and reinvest them in additional TIF improvements. Of course, the real purpose of the TIF is for permanent eav increase, and the taxing bodies will be getting closer to getting the benefits of eav increase. To show the impacts of the current timing of streetscape projects, I have attached a second spreadsheet (Example #2) to show the availability of funds for redevelopment if the streetscape projects were spread over a larger period of time and another loan from the General Fund was used. This was just an exercise but I wanted to give you something to look at to get used to seeing the impacts caused by changing priorities and schedules, which is simply bound to happen. We can do more examples at the meeting.

It appears that the following are the decisions to be made:

1. Formally adopt the order of streetscape projects shown on the spreadsheet. I believe that everything but S. Water has been approved but there should be a vote by the City Council so staff can be confident in planning and budgeting.
2. Formally adopt a policy that the smaller streets mentioned in paragraphs 1, 2 and 3 above be dealt with individually and as circumstances dictate, but not to engage in formal planning nor set aside TIF funds for them, again unless circumstances dictate.
3. Determine a schedule for the streetscape projects with the notion that that schedule may have to be change depending on the value of redevelopment opportunities that come our way.

This matter is up for discussion at the Wednesday, February 13, 2013 Community Development Committee meeting.

Please call with any questions or with any other examples you would like us to show at the meeting. Thank you.

Attachments: spreadsheets

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