

VILLAGE OF DOWNERS GROVE
Report for the Village
11/19/2019

SUBJECT:	SUBMITTED BY:
Future of the Downtown: Draft Plan	Michael Baker Deputy Village Manager

SYNOPSIS

A motion is requested to accept the draft plan for the Future of Downtown and direct staff to proceed with implementation.

STRATEGIC PLAN ALIGNMENT

The Long Range Plan for 2019-2021 identifies *Create a Plan for the Future of the Downtown* as a Priority Action Item.

FISCAL IMPACT

N/A

RECOMMENDATION

Approval on the December 3, 2019 consent agenda.

BACKGROUND

Plan and Implementation Actions

The key points of the plan for the Future of the Downtown include:

1. Establish a special services area (SSA) that:
 - a. Maintains existing boundaries of the current SSA and exempts all condominium/townhouse properties
 - b. Sets a maximum rate of 1.0% (currently 1.5%)
 - c. Expires after a period of 10 years
 - d. Funds Downtown Management Corporation (DMC) operations and beautification/landscaping enhancements to be coordinated between the Village and DMC
 - e. Collects property tax revenue beginning in FY2022
2. Dedicate parking revenues no longer needed for debt service beginning in 2020 to:
 - a. Fund parking deck maintenance
 - b. Implement parking system enhancements
3. Continue to fund existing general operations and planned infrastructure improvements from existing Village funding sources, subject to annual budget authorization

Upon acceptance and direction to proceed, the Village will pursue implementation of the plan, which includes the following items, both of which will require Village Council approval:

1. Revise the operating agreement with the DMC (Early Q1)
2. Prepare the SSA ordinance and related documents (Q1 to Q2)

History and Process Summary

The Downtown has experienced significant reinvestment since the Village adopted two economic development tools in 1997, a Tax Increment Financing (TIF) District and Special Service Area (SSA). The TIF and SSA are set to expire in 2020 with the final revenues from these sources to be received in 2021. Upon their expiration, in the absence of a plan, there would have been ongoing and additional expenses without the available resources to support them.

To address this issue, the Long Range Plan summary of this priority action item (available [here](#) on pages 22-25) identifies the following actions:

By Q3 2020, create a detail level plan for addressing future Downtown needs:

- *Infrastructure maintenance needs*
- *Services and operations to be provided*
- *Roles & responsibilities*
- *Funding sources*
- *Implementation of Comprehensive Plan recommendations*

Work on the plan started in early 2019. A draft plan will be prepared with input from Downtown Management Corporation (DMC) and will be presented to the Village Council in late 2019.

The draft plan is attached. It presents a complete plan that balances revenues and expenses, providing additional revenue that will support Downtown improvements in a number of areas that include sustainable DMC funding, additional funding for beautification and landscaping enhancements within the Downtown, as well as parking system improvements.

The plan was prepared based on input from the DMC Board & membership, including:

1. A meeting with condominium & townhouse homeowners association presidents
2. A meeting with commercial property owners
3. Multiple meetings of the DMC Board that culminated in a unanimously approved recommendation that the Village create an SSA to fund the DMC based on existing SSA boundaries with condominium/townhome properties excluded and a tax rate not to exceed 1.0% for a duration of 10 years.

The draft plan is consistent with this recommendation.

ATTACHMENTS

Draft Plan Summary
FAQ Document

Future of Downtown: Draft Plan

Village Council Presentation



November 19, 2019

Issue and Project Objective

Issue: The Tax Increment Financing (TIF) District, Special Service Area (SSA) and agreement with Downtown Management Corporation (DMC) expire in December 2020. Debt for Downtown improvements will be retired at the same time. Upon expiration, there will be ongoing expenses and insufficient revenues to support them.

Project Objective: By Q3 2020, the Village will adopt and have implemented a detailed plan that addresses the following:

- Infrastructure maintenance
- Services and operations to be provided
- Roles and responsibilities between the Village and DMC
- Funding sources and amounts

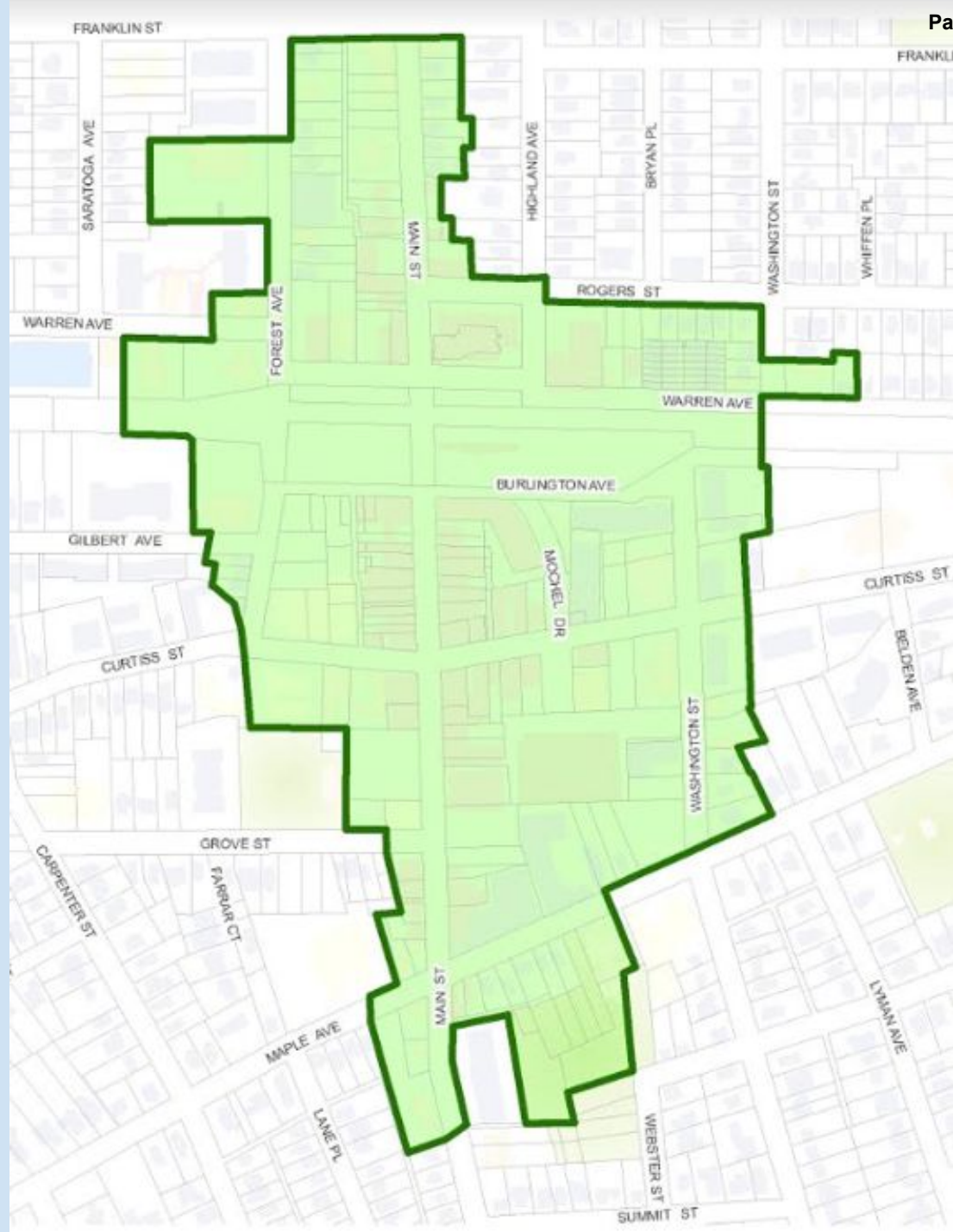
Draft Plan Summary

1. Establish a new special service area (SSA) that:
 - a. Maintains existing boundaries of the current SSA and exempts all condominium/townhome properties
 - b. Sets a maximum rate of 1.0% (currently 1.5%)
 - c. Expires after a period of 10 years
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Implementation Actions

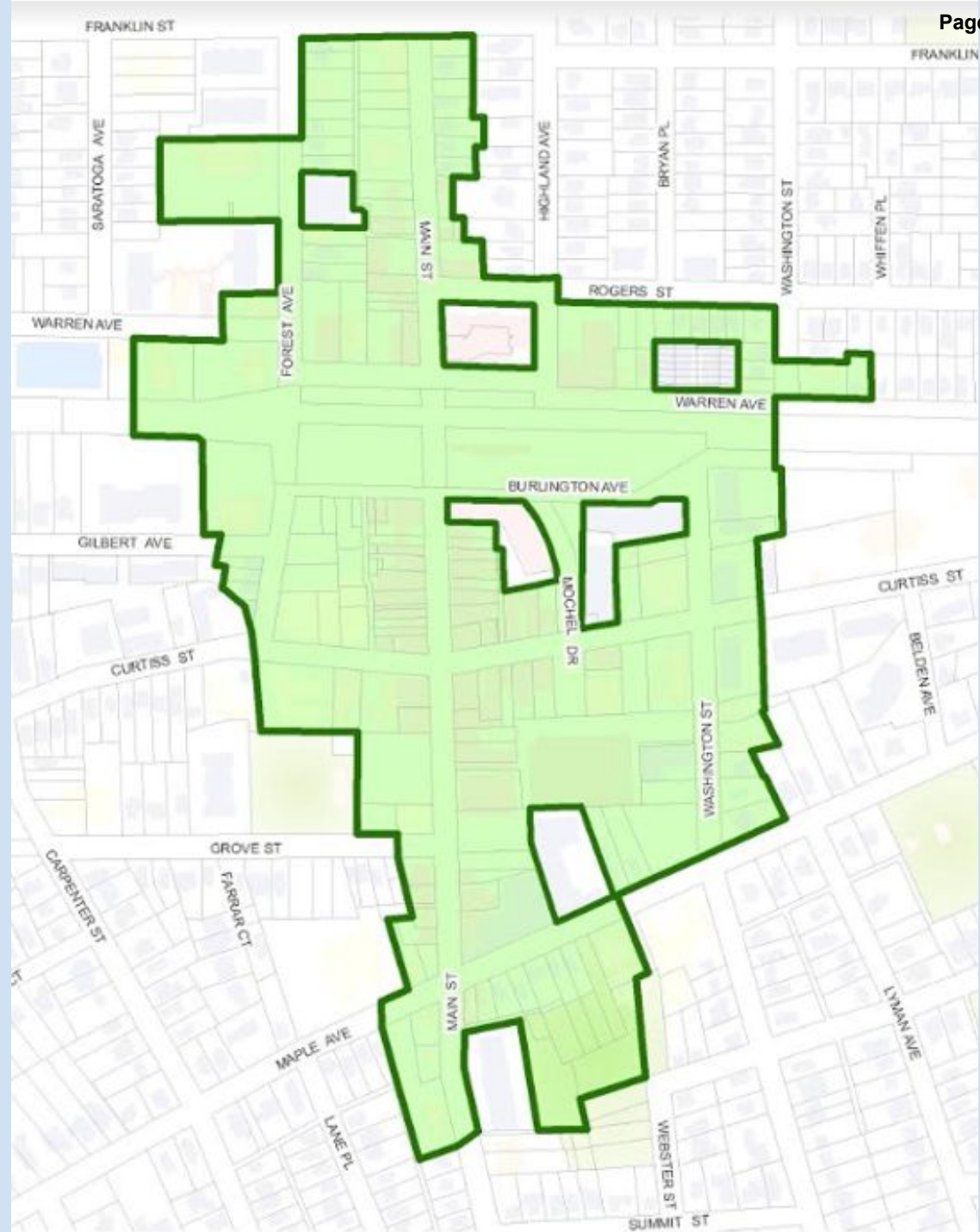
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Proposed New SSA Boundaries

Exempts condominium and townhome properties from within the boundaries of the proposed SSA. Commercial properties in mixed use buildings will remain in the proposed SSA.



Draft Funding Plan

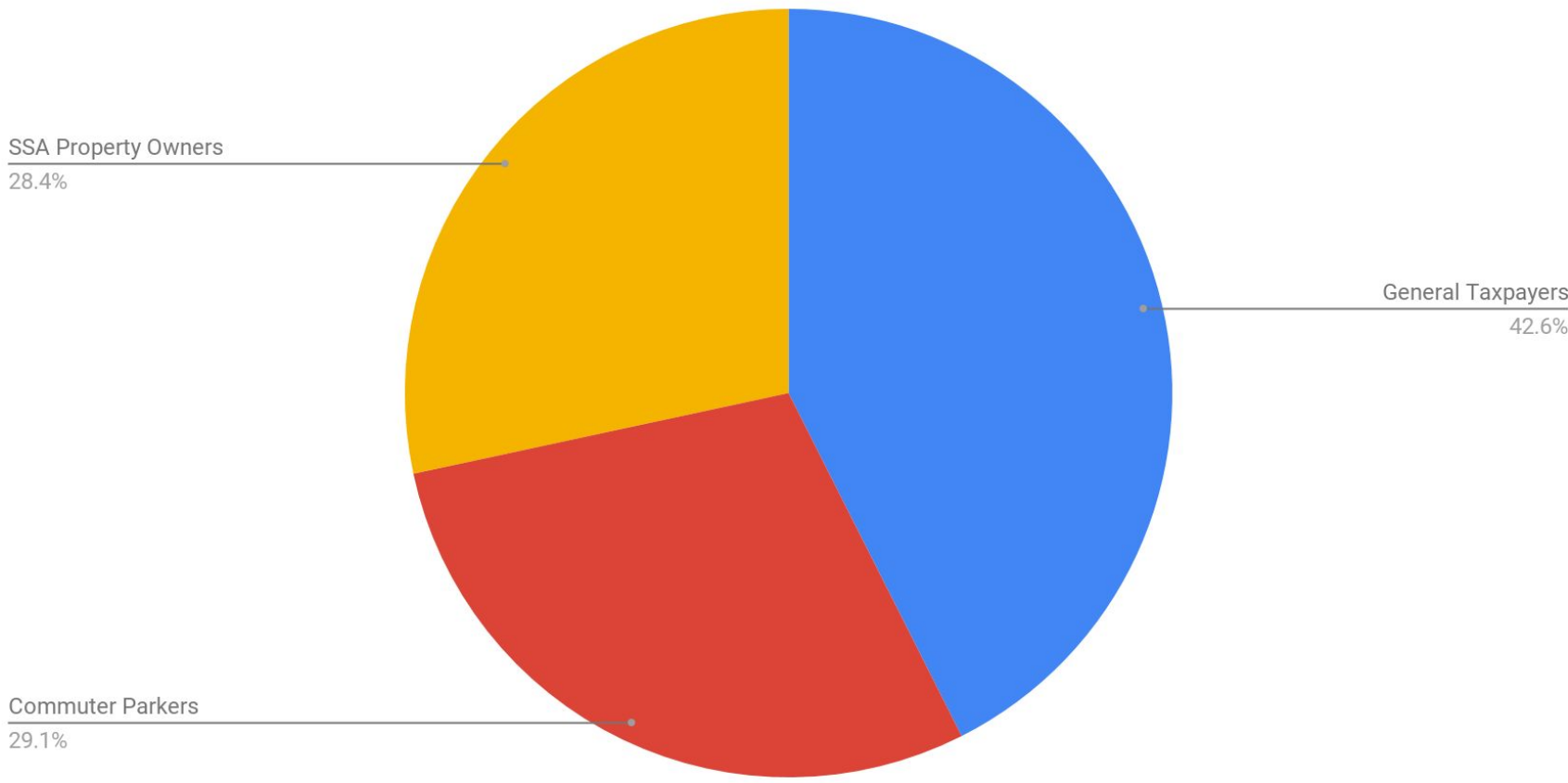
	Current			Planned (Beginning 2022)			
Service/Activity	Expense	Revenue	Source	Expense	Revenue	Source	Change
Funding for Downtown Mgt	\$ 240,000	\$ 240,000	SSA	\$ 300,000	\$ 300,000	SSA	\$ 60,000
Beautification/Landscaping Enhancements	\$ 0	\$ 0		\$ 100,000	\$ 100,000	SSA	\$ 100,000
Parking							
Deck Maintenance	\$ 100,000	\$ 100,000	Parking	\$ 310,000	\$ 310,000	Parking	\$ 210,000
System Enhancements	\$ 0	\$ 0	Fund	\$ 100,000	\$ 100,000	Fund	\$ 100,000
General Operations (Snow & Ice Control, Landscaping, Events)	\$ 400,000	\$ 400,000	General Fund	\$ 400,000	\$ 400,000	General Fund	\$ 0
Capital Projects & Infrastructure Maint.	\$ 200,000	\$ 200,000	Capital Fund	\$ 200,000	\$ 200,000	Capital Fund	\$ 0
Total	\$ 940,000	\$ 940,000		\$1,410,000	\$1,410,000		\$ 470,000
Debt Service	\$4,400,000	\$4,100,000 \$ 300,000	DT TIF Fund Parking Fund	\$ 0	\$ 0		-\$4,100,000 -\$ 300,000
Grand Total	\$5,340,000	\$5,340,000		\$1,410,000	\$1,410,000		-\$3,930,000

Revenue Summary

	Current	Planned (Beginning 2022)	
Service/Activity	Current	Planned (Beginning in 2022)	Change
SSA	\$ 240,000	\$ 400,000	\$ 160,000
Parking Fund	\$ 400,000	\$ 410,000	\$ 10,000
General Fund	\$ 400,000	\$ 400,000	\$ 0
Capital Fund	\$ 200,000	\$ 200,000	\$ 0
Downtown TIF	\$4,100,000	\$ 0	-\$4,000,000
Total	\$5,340,000	\$1,410,000	-\$3,930,000

Plan Breakdown of Who Pays?

Estimated Annual Funding Amount (Total: \$1.41 million)



Frequently Asked Questions (FAQ) for Proposed Downtown SSA

November 19, 2019

1. What is a Special Service Area (SSA)?

An SSA is a property taxing mechanism that allows local governments to collect taxes and deliver services directly or through the use of contracts with other parties to limited geographic areas within their jurisdictions.

2. Which services are proposed to be funded by the newly created SSA?

The following include service categories and amounts that have been identified and will be more precisely defined with the assistance of the Downtown Management Corporation. A primary goal in arriving at final funding amounts will be to maximize value to Downtown Management Corporation (DMC) property and business owners and improve the Downtown consistent with the Village's Comprehensive Plan:

- a. Funding for Downtown Management Corporation (approximately \$300,000 annually)
Potential to enhance services currently provided by DMC, including events support, Downtown marketing, business attraction and retention
- b. Beautification & Landscaping Enhancements (approximately \$100,000 annually)
Potential to improve the overall appearance and attractiveness of the Downtown, including landscaping, artwork and/or debris clean-up

3. Which services are currently provided by the Downtown Management Corporation through funding received from the Special Service Area?

- Event Coordination: Ice Festival, Wine Walk, Classic Car Show, Fine Arts Festival, Halloween Window Painting, Downtown Trick-or-Treating, Gingerbread Fest, Girls Day Out, Santa and Holiday events including & Gingerbuck Reward Program
- Downtown Business Attraction, Retention and Marketing
- Coordination of Downtown Gift Certificate and Downtown Dollars
- Serving as Liaison to Downtown Property and Business Owners
- Holiday Decoration Purchase (in partnership with the Village)
- Street Pole Banner Purchases

4. Which services unique to the Downtown does the Village currently provide and which funding sources pay for them?

Service	Funding Source	Est. Annual Cost
Landscaping Services	General Fund	\$100,000
Installation & Removal of Seasonal Holiday Decorations	General Fund	\$100,000
Snow & Ice Control: Sidewalk & Parking Lot Clearing, Haul-out from Streets	General Fund	\$150,000
Event Support: Road Closures and Public Safety	General Fund	\$30,000
Garbage and Recycling Removal	General Fund / Solid Waste Fees	\$15,000 (Village of DG costs)
Power-washing of Sidewalks	General Fund	\$5,000
Infrastructure Maintenance	Capital Projects Fund	\$200,000
Parking Deck and Lot Maintenance	Parking Fund	\$100,000*

* Does not include plans to improve Forest Lot North in 2020, budgeted at \$485,000

5. How do I estimate the amount that I will pay for the proposed SSA?

Find the “Net Taxable Value” amount on your most recent property tax bill and multiply that number by the proposed rate (e.g. 0.0100 for 1.0%). Tax bills are available online at:

<https://www.dupageco.org/PropertyInfo/PropertyLookup.aspx>. This calculation does not take into account changes in the value of your property that may occur between now and the time that the proposed SSA takes effect.

6. For the current 1.5% Special Service Area tax rate, how much in property taxes paid directly supports the Downtown Management Corporation and how much is paid to the Tax Increment Financing (TIF) District?

The amount you see next to the “Special Service Area 2” line item on your property tax bill reflects the portion that is collected as part of the SSA and currently funds the DMC. If you multiply the SSA rate of 0.015 by the “Net Taxable Value” amount appearing and subtract the SSA amount, that difference is the amount paid to the Village’s TIF District. See example below:

Example Tax Bill from Downtown Property:

Taxing District	Rate 2018	Tax 2018	Mailed to:	TIF Frozen Value	3,590
** COUNTY **				Fair Cash Value	491,500
COUNTY OF DU PAGE	.1007	3.61		Land Value	4,930
PENSION FUND	.0217	.77		+ Building Value	158,900
COUNTY HEALTH DEPT	.0330	1.18		= Assessed Value	163,830*
PENSION FUND	.0119	.42		x State Multiplier	1.0000
FOREST PRESERVE DIST	.1180	4.23		= Equalized Value	163,830
PENSION FUND	.0098	.35		– Residential Exemption	6.000
DU PAGE AIRPORT AUTH	.0146	.52		– Senior Exemption	
** LOCAL **			DOWNERS GROVE IL 60515	– Senior Freeze	
DU PAGE WATER COMM	NO LEVY		Property Location:	– Disabled Veteran	
DOWNS GROVE TWP	.0317	1.13		– Disability Exemption	
PENSION FUND	.0001		Township Assessor:	– Returning Veteran Exemption	
DOWNS GR TWP RD	.0500	1.79	DOWNS GROVE	– Home Improvement Exemption	
PENSION FUND	.0010	.03	630-719-6630	– Housing Abatement	
VLG DWNRS GR-EX FIRE	.1570	5.63	Tax Code:	= Net Taxable Value	157,830
PENSION FUND	.2761	9.91	9448	x Tax Rate	7.2154
VLG DWNRS GR FIRE	.1134	4.07	Property Index Number:	= Total Tax Due	11,388.08
VLG DWNRS GR LIBR	.2111	7.57		– Less Advance Payment	.00
DOWNS GR SPEC SER 2	1.5000	53.85	CHANGE OF NAME/ADDRESS:	= Net Tax Due	11,388.08
DOWNS GROVE PARK	.3013	10.81	CALL: 630-407-5900		
PENSION FUND	.0243	.87			
DOWNS GR SAN DIST	.0398	1.42			
** EDUCATION **					
GRADE SCHOOL DIST 58	1.9508	70.03			
PENSION FUND	.0674	2.41			
HIGH SCHOOL DIST 99	1.8931	67.96			
PENSION FUND	.0569	2.04			
COLLEGE DU PAGE 502	.2317	8.31			
** TIF DISTRICT **					
VLG DOWNS GRV TIF 1		11,129.17			
TOTAL	7.2154	11,388.08			

Portion of tax bill to SSA (Downtown Management Corp.) = $0.015 \times 3,590 = \$53.85$

Portion of 1.5% rate to TIF = $0.015 \times 157,830 - 53.85 = \$2,313.60$

7. What is the TIF, how have TIF funds been used and when is it scheduled to expire?

The TIF, or tax increment financing district, is the economic development tool the the Village established in 1997 to comprehensively improve the Downtown, including street reconstruction, utility replacement, parking deck construction and facilitation of private property redevelopment. The TIF portion of the tax bill will no longer appear beginning with tax bills received in 2022 due to the planned expiration of the TIF.