



MEMORANDUM

TO: David Lothspeich, Village Manager
FROM: Lee M. Brown, President, Teska Associates, Inc.
CC: Victor Filippini, Village Attorney
SUBJECT: South Gateway TIF
DATE: July 8, 2020

Preliminary TIF Analysis

In April, we presented initial observations on the eligibility of property to form a new South Gateway TIF district to the Village Board. Among the issues discussed with the Board were the boundaries of a TIF, the process and timing of adoption, and the impact these may have on the potential for annexation of additional property to the Village, and on the Village's economic development strategy. The Board did not at that time initiate Phase II of the contract in which we would formally assess the eligibility, due in part to their uncertainty of the likelihood and wisdom of including properties that were not yet within the Village.

With this memorandum, I am suggesting a more limited TIF district boundary. Attached for your review is a graphic depicting property which we believe will constitute an eligible district and which are entirely within the Village of Long Grove. It removes undeveloped, as yet unannexed property west of Rt. 53, and properties that constitute the approved Karen's Corner subdivision.

Phase II, the documentation of eligibility, is required to demonstrate that at least 3 of 13 characteristics listed in the TIF Act [65 ILCS 5/11-74.4-3 (b)] are found to be present and distributed throughout the district, to a meaningful extent. As was the case in our earlier assessment, we believe that there are four elements which are present to a meaningful extent that contribute to TIF eligibility: obsolescence; physical deterioration; inadequacy of utilities, and the decline or relative decline in assessed valuation (EAV) of the properties. Any evaluation of eligibility has a limited term: properties values change, economic conditions change, and other changes make it strongly advisable to complete the process of preparing and adopting a TIF district within the same calendar year. In this painfully unpredictable year, that date may seem distant, but as you will realize in examining the attached updated schedule, the notice requirements and sequences represent a very limited window to assure adoption before the end of this year.

In listening to both Village Board and EDC member comments, the Village recognizes that a TIF district is potentially an important tool that may assist in attracting property annexation and property development. But the power of such a district lies in its existence in advance of development, rather than its potential future existence...this is an important distinction to a property owner or developer. As such, I am recommending this smaller TIF District be adopted and used as an incentive to negotiate with adjoining property owners to annex into the Village, and subsequently amend the TIF boundaries to include them once they are within the Village.

Thus, the unincorporated parcels previously identified have been eliminated from the current recommended TIF study area, but not from the overall strategic plan for economic development as evidenced in the Village's recently adopted Comprehensive Plan. The **existence** of the TIF will provide the Village a stronger position in the negotiation of an annexation agreement than is the mere **prospect** of establishing a TIF. Perhaps as importantly, properties within a village TIF district, are prevented from disconnection during the (up to 23-year) life of the TIF. See 65 ILCS 5/7-3-6(7). Thus, establishing this South Gateway TIF would advance the Village's policy goal to protect its borders.

I know that this is not the first TIF district in Long Grove, but some members of the community may have a misimpression of the function and value of a TIF district. There appear to be some who believe that the Village's Downtown/Rt. 83 TIF is "failing"; this is far from the truth. In fact, the TIF has accomplished the primary goals set out by the Village Board:

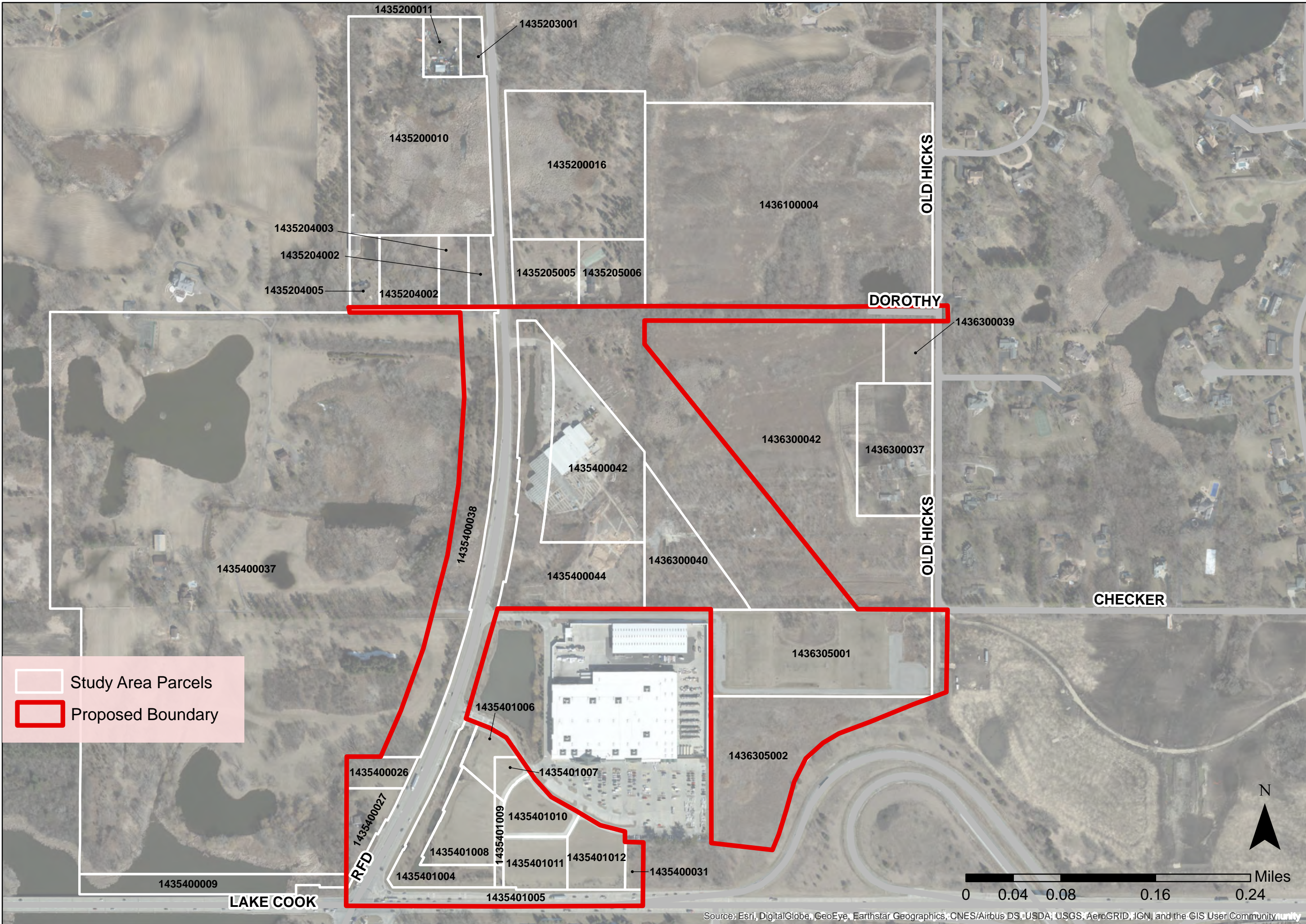
- a. Effect the development of the Sunset Grove property (which has been performing very well);
- b. Establish a Village water system (which has been accomplished, but which is still in its nascency in terms of users, so its water fund is struggling a bit); and
- c. Complete improvements in the downtown that were needed and enhancements that were desired while having other taxing districts subsidize the effort.

In establishing the Tax Increment Allocation Redevelopment Act, the Legislature understood that redevelopment of property and economic development strategies in general are never overnight successes. Thus, the need for a timeline that allows for as many as 23 years for a municipality to recoup its initial project costs through the capture of property increment.

Once eligibility is documented, the Village Board can choose to move to Phase III in which we prepare a Redevelopment Plan and Program. This would be the primary document that is taken to public hearing, identifying how the Village can use the TIF district to encourage economic development. It enables, but does not commit the Village to use TIF revenues to leverage and encourage private investment in property improvements within the District.

I am recommending that the Village Board take the next step to authorize Phase II of the consulting agreement, which will allow us to document district eligibility, and allow us to work with the Board toward adoption of the District before the end of the year.

Draft Schedule for Village of Long Grove South Gateway Tax Increment District				
Task	Timing	Day	Date	Statutory Reference
Phase 1 Preliminary Eligibility Report	7 days after contract execution		Tuesday, March 10, 2020	
Phase 2 Eligibility Report			Tuesday, July 28, 2020	
Phase 3 Prepare Redevelopment Plan	28 days after approval to proceed to Phase III		Tuesday, August 25, 2020	
Publish Interested Parties Notice; Make Redevelopment Plan available for public inspection	At least 10 days prior to adoption of the ordinance or resolution establishing the time and place for public hearing	1	Tuesday, September 1, 2020	§11-74.4-5(a)
Village Board Meeting adopting an ordinance that sets the date for the public hearing	At least 10 days after Interested Parties Notice is published and the redevelopment plan is made available; Must allow 45 days for notice requirements	15	Tuesday, September 15, 2020	§11-74.4-5(a)
Notice by certified mail to taxing districts and DCEO of the time and place of the public hearing	Not less than 45 days prior to the public hearing	16	Friday, September 18, 2020	§11-74.4-6(c)
Mailed notice of the availability of the plan and eligibility report, notice of public hearing date notice of availability of registry, to residential addresses within 750 feet of the proposed boundary	Within a reasonable time after adoption of the ordinance or resolution	28	Monday, September 28, 2020	§11-74.4-5(a)
First JRB Meeting	At least 14 days but not more than 28 days after the mailing of notice by the municipality to the taxing districts	31	Monday, October 5, 2020	§11-74.4-5(b)
Notice of Public Hearing (publication and mailed to taxpayers within the redevelopment area - at least twice)	Not more than 30 days nor less than 10 days prior to the public hearing	35	Tuesday, October 20, 2020	§11-74.4-6(a)
JRB Recommendation to the municipality due	Within 30 days of convening the board	59	Tuesday, November 3, 2020	§11-74.4-5(b)
Public Hearing	45 days after Notice was sent	78	Tuesday, November 17, 2020	§11-74.4-5(a)
Municipality enacts ordinances approving the redevelopment plan and project, designating the redevelopment project area and adopting tax increment allocation financing	14-90 days after the public hearing	147	Tuesday, December 8, 2020	§§11-74.4-4(a); 11-74.4-8



Property Owner	PIN	2014	2015	2016	2017	2018	2019
Linda Jolson	1435400026	\$47,024	\$47,360	\$47,756	\$49,318	\$49,920	\$46,592
Linda Jolson	1435400027	\$92,020	\$91,490	\$93,943	\$97,015	\$98,199	\$94,030
Eagle Estate LLC	1435400038	\$105,153	\$129,624	\$136,092	\$140,542	\$142,257	\$132,774
Pinnacle Capital 2727, LLC	1435400042	\$555,449	\$319,445	\$335,385	\$346,352	\$478,921	\$487,794
Pinnacle Capital 2727, LLC	1435400044	\$251,159	\$247,166	\$259,500	\$267,986	\$271,255	\$276,164
Menard, Inc	1435401006	\$91,911	\$90,450	\$94,963	\$98,068	\$99,264	\$101,061
Menard, Inc	1435401007	48,055	47,291	49,651	51,275	51,901	52,841
Menard, Inc	1435401008	\$236,875	\$233,109	\$244,741	\$252,744	\$255,827	\$260,457
Menard, Inc	1435401009	\$27,269	\$26,835	\$28,174	\$29,095	\$29,450	\$29,982
Menard, Inc	1435401004	\$340	\$335	\$352	\$364	\$368	\$374
Menard, Inc	1435401010	\$157,546	\$155,041	\$162,778	\$168,101	\$170,152	\$173,231
Menard, Inc	1435401011	\$163,549	\$160,949	\$168,980	\$174,506	\$176,635	\$179,831
Menard, Inc	1435401005	\$8,482	\$8,347	\$8,764	\$9,051	\$9,161	\$9,327
Menard, Inc	1435401012	\$183,525	\$180,607	\$189,619	\$195,820	\$198,209	\$201,796
Michael Demar	1436300040	\$67,000	\$67,000	\$67,413	\$69,617	\$70,466	\$7,895
Menard, Inc	1436305001	\$745,902	\$744,335	\$732,500	\$769,052	\$0	0
Menard, Inc	1436305002	\$320,679	\$315,580	\$331,327	\$342,161	\$346,335	\$352,602
Cook County	1435400031	\$1,074	\$1,072	\$1,055	\$1,107	\$0	0
Total		\$3,103,012	\$2,866,036	\$2,952,993	\$3,062,174	\$2,448,320	\$2,406,752
			-7.64%	3.03%	3.70%	-20.05%	-1.70%

	2013		2014		2015		2016
	Real Estate AV	State EAV	Real Estate AV	State EAV	Real Estate AV	State EAV	Real Estate AV
Long Grove							
015 Ela	239,164,136	239,164,136	238,375,553	238,375,553	243,530,077	243,530,077	253,083,327
012 - Fremont	4,234,104	4,234,104	4,202,344	4,202,344	4,745,988	4,745,988	4,998,310
016 - Vernon	290,777,983	290,777,983	291,143,990	291,143,990	313,952,670	313,952,670	334,241,514
Total	534,176,223	534,176,223	533,721,887	533,721,887	562,228,735	562,228,735	592,323,151
					-0.085%	5.34%	

Source: <http://www.lakecountyl.gov/268/Tax-Extension-Data>