



DEPARTMENT OF COMMUNITY DEVELOPMENT SERVICES

Economic Development Division

m e m o r a n d u m

TO: Laurel Lunt Prussing, Mayor
FROM: Elizabeth H. Tyler, FAICP, Director, Community Development Services ^{CAT}
DATE: May 8, 2014
SUBJECT: **AN ORDINANCE APPROVING A LOCAL AGENCY/COMPANY AGREEMENT (City of Urbana/Frasca International, Inc.)**

AN ORDINANCE REVISING THE ANNUAL BUDGET ORDINANCE, FY2013-14 (Airport Road West Reconstruction (Local Match))

Introduction and Background

On December 17, 2012, the Urbana City Council approved a Redevelopment Agreement with Frasca Associates (906 and 1402 East Airport Road) for a multi-phase project that includes the renovation of existing facilities, the expansion of an existing building, and a new 12,000 to 24,000 square foot building. The total project cost is estimated at between approximately \$1,500,000 and \$2,500,000, and the project is expected to provide space for 40 new employees over five years. As part of that agreement, the City agreed to apply for Economic Development Program (EDP) funds through the Illinois Department of Transportation (IDOT) for the improvement of Airport Road between Cunningham Avenue and Willow Road.

In February 2013, the City was notified that IDOT would provide \$1,411,916 in funding for the project through the EDP. The attached ordinance (Exhibit A) approves the Local Agency/Company Agreement, which is part of the grant process and sets the stage for the subsequent agreement between the City and IDOT.

While the original redevelopment agreement was with Frasca Associates (property owner), the Local Agency/Company Agreement is with the business that will be creating the jobs, or Frasca International, Inc.

Discussion

The Local Agency/Company Agreement establishes that Frasca International will move forward with their project, which includes the creation and/or retention of at least 40 full-time jobs over five years consistent with the approved redevelopment agreement. The Local Agency/Company Agreement further stipulates that Frasca Associates will file annual employment progress reports with the state to ensure compliance with the EDP. The final major provision of the agreement states that if Frasca Associates fails to create the required jobs, or fails to file progress reports, they can be considered in default of the agreement. If that happens, and the City is asked to repay any portion of the grant, Frasca International will pay the City \$50,000 as partial reimbursement for project expenses.

Fiscal Impact

This agreement lays the groundwork for the Airport Road improvement project and the agreement between the City of Urbana and IDOT, which commits the City to the local share of the project. The local share of the project over three fiscal years is estimated at \$1,840,000 (\$200,000 in FY 13-14, \$675,000 in FY 14-15, and \$965,000 in FY 15-16), which will be completely funded by Tax Increment Finance District 4. A separate, but related budget amendment ordinance will provide the \$200,000 in funding for the current fiscal year. The \$1,840,000 local match will allow the City to access the \$1,411,916 committed by the State of Illinois through the EDP program.

In addition to the Local Agency/Company agreement, City Council is considering a budget amendment of \$200,000 for the current fiscal year to fund initial activities related to the Airport Road project. The fund balance in TIF 4 at the end of FY 12-13 was \$1,777,154, and the projected fund balance at the end of FY 13-14 is \$1,651,308. Therefore sufficient fund balance exists to accommodate the proposed budget amendment. Future funding for the project will be included in the annual City budgeting process.

Aside from the direct fiscal impact related to the expenses for the road project, the private development, which includes the renovation of existing facilities, the expansion of an existing building, and a new 12,000 to 24,000 square foot building, coupled with the proposed job creation made possible by the road project will have a significant positive impact on TIF 4 and the local economy.

Options

1. Approve the Local Agency/Company Agreement ordinance and the budget amendment ordinance as presented.
2. Approve the Local Agency/Company Agreement ordinance and the budget amendment ordinance with changes. It should be noted that any changes will need to be agreed upon by the company.
3. Deny the Local Agency/Company Agreement ordinance and budget amendment ordinance.

Recommendation

The commitment made as part of a previous agreement, the availability of state grant funds, the prospect of substantial job creation, and facilitation of development/business growth indicate this project will be of positive benefit to the City and TIF 4.

Staff recommends that the City Council approve the attached Local Agency/Company Agreement ordinance and the accompanying budget amendment.

Prepared by:

Tom Carrino, Economic Development Manager

Attachments:

Exhibit A: Draft Ordinance with Local Agency/Company Agreement

Exhibit B: Draft Budget Amendment Ordinance

Exhibit A

ORDINANCE NO. 2014-05-048

AN ORDINANCE APPROVING A LOCAL AGENCY/COMPANY AGREEMENT
(City of Urbana/Frasca International, Inc.)

WHEREAS, the City of Urbana, hereinafter called the LOCAL AGENCY, is interested in expanding its economic base with the primary emphasis on creating and retaining jobs; and

WHEREAS, the LOCAL AGENCY has entered into a Development Agreement with Frasca Associates, and its affiliate, Frasca International, Inc., hereinafter called the COMPANY, to develop certain property in the City which agreement contemplates applying for an Economic Development Program (EDP) grant to assist in the project; and

WHEREAS, if such grant is awarded, special reporting obligations are a necessary condition of the grant; and

WHEREAS, the LOCAL AGENCY will enter into an agreement with the Illinois Department of Transportation, hereinafter called the STATE, to implement an economic development program that significantly impacts upon the LOCAL AGENCY's economic base; and

WHEREAS, proposed project will create and/or retain jobs, thus providing a significant benefit to the LOCAL AGENCY's economic base; and

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF URBANA, ILLINOIS, as follows:

Section 1. That a Local Agency/Company Agreement Between the City of Urbana and Frasca International, Inc. in substantially the form of the copy of said Agreement attached hereto, be and the same is hereby approved.

Section 2. That the Mayor of the City of Urbana, Illinois, be and the same is hereby authorized to execute and deliver and the City Clerk of the City of Urbana, Illinois, be and the same is authorized to attest to said execution of said Agreement as so authorized and approved for and on behalf of the City of Urbana, Illinois.

PASSED by the City Council this ____ day of _____, 2014.

AYES:

NAYS:

ABSTAINS:

Phyllis Clark, City Clerk

APPROVED by the Mayor this ____ day of _____, 2014.

Laurel Lunt Prussing, Mayor

LOCAL AGENCY/COMPANY
AGREEMENT

(City of Urbana/Frasca International, Inc.)

THIS AGREEMENT is made as of the ____ day of _____, 20__ by and between the City of Urbana, Illinois hereinafter called the LOCAL AGENCY and Frasca International, Inc., hereinafter called the COMPANY.

WHEREAS, the LOCAL AGENCY is interested in expanding its economic base with the primary emphasis on creating and retaining jobs; and

WHEREAS, the LOCAL AGENCY has entered into a Development Agreement with FRASCA ASSOCIATES to develop certain property in the City which agreement contemplates applying for an Economic Development Program (EDP) grant to assist in the project; and

WHEREAS, if such grant is awarded, special reporting obligations are a necessary condition of the grant; and

WHEREAS, the LOCAL AGENCY will enter into an agreement with the Illinois Department of Transportation, hereinafter called the STATE, to implement an economic development program that significantly impacts upon the LOCAL AGENCY's economic base; and

WHEREAS, proposed project will create and/or retain jobs, thus providing a significant benefit to the LOCAL AGENCY's economic base; and

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties agree as follows:

I. REPORTING REQUIREMENTS

- I.1. As required by Public Act 93-552, the COMPANY shall submit to the STATE an annual progress report of employment for five years from the date of the IDOT/Local Agency funding agreement.
- I.2. The annual progress report shall consist of job classifications, wages, number of positions, and other pertinent information as shown on Exhibit I.
- I.3. All annual employee progress reports will be completed on-line through the Department of Commerce and Economic Opportunity. The COMPANY will be notified by letter annually with instructions on how and when to fill out their annual report. This report will then be submitted electronically to IDOT.
- I.4. COMPANY agrees to make all reporting requirements under Public Act 93-552, also an obligation of any tenants on parcel PIN 91-15-33-300-005 at 906 East Airport Road, Urbana, IL 61802.

II. DEFAULT AND REMEDIES

- II.1. The COMPANY agrees to use "reasonable efforts" to create forty (40) or more jobs in connection with the Project within five (5) years of the initial application date of October 1, 2012. "Reasonable efforts" shall mean and include the use of due diligence to create or cause the creation of such jobs under the economic conditions prevailing during such period.
- II.2. In the event the COMPANY fails to create the requisite number of full-time jobs in accordance with Section II.1. above, or the COMPANY fails to comply with the reporting requirements herein, the COMPANY may be held in default.
- II.3. The commitment of EDP funds is contingent upon the fulfillment of the commitments to business investment and job creation during the period October 1, 2012 through September 30, 2017 as represented to the IDOT by the city of Urbana and The COMPANY. Any substantial modifications to these commitments change in location of this facility or the failure of The COMPANY to make firm commitment to this site will cause IDOT's commitment to be reevaluated.

The employment levels committed by The COMPANY must be created within the period beginning October 1, 2012 and ending September 30, 2017. If these commitments are not met, the department will review the project funding provided to the city of Urbana. If reasonable justification for non-performance of the commitments is not provided, the city will be required to repay the EDP funding to IDOT in total or an appropriate pro rata sum commensurate with the circumstances of the situation.

It is understood and agreed that the City is seeking an Economic Development Program grant from IDOT for the purpose of improving Airport Road for the benefit of both parties. If such grant is awarded but later declared by the State to be in default under Section II hereof, or for any reason, and the State demands repayment of all or a portion of the grant, COMPANY will pay the City \$50,000 as partial reimbursement for project expenses.

III. TERMINATION

- III.1. This Agreement may be terminated at any time by written, mutual agreement of the parties.
- III.2. This Agreement, and all further obligations of the parties hereunder, will terminate when the Project has been completed and when the COMPANY has satisfied its reporting obligations under Section I.

IV. GENERAL PROVISIONS

IV.1. Wherever possible each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision shall be invalid under applicable law, such provision shall be ineffective to the extent of such invalidity without invalidating the remaining provisions of this Agreement.

IV.2. This Agreement represents the full and complete agreement between the parties with respect to the matters addressed herein and there are no oral agreements or understandings between the parties.

IV.3. This Agreement shall be construed in accordance with and governed by the law of the State of Illinois.

APPROVED BY

Frasca International, Inc.

Title _____

Signature _____

Date _____

APPROVED BY

City of Urbana, Illinois

By _____
Mayor

ATTEST

By _____
City Clerk

Date _____



Date of Application _____

Application Tracking Number _____
(Assigned by IDOT)

COMPANY INFORMATION

Name of Company _____

Chief Officer or Authorized Designee _____

Title _____

Address _____

Phone Number _____

E-mail Address _____
(required)

Standard Industrial Classification Number _____
(SIC #)

North American Industry Classification _____
System (NAICS)

Project Site _____
(City and Zip Code where employees,
new or retained, are to be located.)

SPONSOR INFORMATION

Sponsor (Unit of Government) _____

Contact Person _____

Title _____

Address _____

Phone Number _____

Number of Employees at the Time of Application

Job Classification	Hourly Wage Scales and/or Annual Salaries by Classification	Total Number of Positions	Permanent Full-Time	Part-Time	Temporary
	\$				
	\$				
	\$				
	\$				
	\$				
	\$				
	\$				
	\$				
	\$				
	\$				
	\$				
	\$				
	\$				
	\$				
	\$				
	\$				
	\$				
	\$				
	\$				
	\$				
TOTAL:		0	0	0	0

Number of Employees Agreed to be Created as the Result of Assistance

Job Classification	Hourly Wage Scales and/or Annual Salaries by Classification	Total Number of Positions	Permanent Full-Time	Part-Time	Temporary
	\$				
	\$				
	\$				
	\$				
	\$				
	\$				
	\$				
	\$				
	\$				
	\$				
	\$				
	\$				
	\$				
	\$				
	\$				
	\$				
	\$				
	\$				
	\$				
	\$				
TOTAL:		0	0	0	0

Note: The employee information should be for the specific site for which IDOT assistance was received.

Number of Employees Agreed to be Retained as the Result of Assistance

Job Classification	Hourly Wage Scales and/or Annual Salaries by Classification	Total Number of Positions	Permanent Full-Time	Part-Time	Temporary
	\$				
	\$				
	\$				
	\$				
	\$				
	\$				
	\$				
	\$				
	\$				
	\$				
	\$				
	\$				
	\$				
	\$				
	\$				
	\$				
	\$				
	\$				
	\$				
TOTAL:		0	0	0	0

Note: The employee information should be for the specific site for which IDOT assistance was received.

Will the recipient's use of the Economic Development Program funding reduce employment at any site in Illinois?

Yes
(if yes, explain below)

No

Amount of Economic Development Program Funds committed to this project from IDOT

\$ _____

Starting Date of Assistance
(Execution date of Local Intergovernmental Agreement)

I, _____ As the Chief Officer (or authorized designee of the recipient) verify that the information in the progress report contains no knowing misrepresentation of material facts upon which eligibility for development assistance is based. I further certify that, to the best of my knowledge, the recipient is in compliance with the development assistance agreement(s) between, or behalf of, the recipient and the Illinois Department of Transportation.

Signature

Date

Title

Granting Body of Economic Development Program Funds: Illinois Department of Transportation
Director of Office of Planning and Programming
2300 South Dirksen Parkway
Springfield, Illinois 62764

Please mail form to: Illinois Department of Transportation
Bureau of Statewide Program Planning
Office of Planning and Programming, Rm. 307
2300 South Dirksen Parkway
Springfield, Illinois 62764
Attn: Economic Development Program
Phone (217) 782-0378

Exhibit B

ORDINANCE NUMBER 2014-05-049

AN ORDINANCE REVISING THE ANNUAL BUDGET ORDINANCE, FY2013-14

(Airport Road West Reconstruction (Local Match))

WHEREAS, the Annual Budget Ordinance of and for the City of Urbana, Champaign County, Illinois, for the fiscal year beginning July 1, 2013, and ending June 30, 2014, (the "Annual Budget Ordinance") has been duly adopted according to sections 8-2-9.1 et seq. of the Illinois Municipal Code (the "Municipal Code") and Division 2, entitled "Budget", of Article VI, entitled "Finances and Purchases", of Chapter 2, entitled "Administration", of the Code of Ordinances, City of Urbana, Illinois (the "City Code"); and

WHEREAS, the City Council of the said City of Urbana finds it necessary to revise said Annual Budget Ordinance by deleting, adding to, changing or creating sub-classes within object classes and object classes themselves; and

WHEREAS, funds are available to effectuate the purpose of such revision; and

WHEREAS, such revision is not one that may be made by the Budget Director under the authority so delegated to the Budget Director pursuant to section 8-2-9.6 of the Municipal Code and section 2-133 of the City Code.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF URBANA, ILLINOIS, as follows:

Section 1. That the Annual Budget be and the same is hereby revised to provide as follows:

FUND: Tax Increment Financing District Four Fund

ADD EXPENSE : Airport Road West Reconstruction (Local Match)
T12 1 1400-4410 \$200,000

REDUCE : TIF 4 Fund Balance
T12 0 0001-0199 \$200,000

Section 2. This Ordinance shall be effective immediately upon passage and approval and shall not be published.

Section 3. This Ordinance is hereby passed by the affirmative vote of two-thirds of the members of the corporate authorities then holding office, the "ayes" and "nays" being called at a regular meeting of said Council.

PASSED by the City Council this _____ day of _____,
_____.

AYES:
NAYS:
ABSTAINED:

Phyllis D. Clark, City Clerk

APPROVED by the Mayor this _____ day of _____,
_____.

Laurel Lunt Prussing, Mayor