



REGULAR AGENDA ITEM NO. 8B

FOR COUNCIL: March 14, 2016

SUBJECT: Consideration of approving a Resolution to authorize preliminary action, known as an Inducement Resolution, in connection with the redevelopment of the Commerce Bank and Front N' Center buildings in downtown Bloomington into a hotel, conference center and restaurant cluster.

RECOMMENDATION/MOTION: That the Inducement Resolution in support of a proposed redevelopment project from Bloomington Downtown Redevelopment Partners, LLC be approved and authorize the Mayor and City Clerk to execute the necessary documents.

STRATEGIC PLAN LINK: Goal 3: Grow the Local Economy; Goal 4: Strong Neighborhoods; Goal 5: Great Place – Livable, Sustainable City; Goal 6: Prosperous Downtown Bloomington.

STRATEGIC PLAN SIGNIFICANCE: Objective 3a. Retention and growth of current local businesses; 3b. Attraction of new targeted businesses that are the “right” fit for Bloomington; 3c. Revitalization of older commercial homes; 3d. Expanded retail businesses; 3e. Strong working relationship among the City, businesses, economic development organizations. Objective 4c. Preservation of property/home valuations; 4d. Improved neighborhood infrastructure; Objective 5b. City decisions consistent with plans and policies; 5c. Incorporation of “Green Sustainable” concepts into City’s development and plans; 5e. More attractive city: commercial areas and neighborhoods. Objective 6a. More beautiful, clean Downtown area; 6b. Downtown Vision and Plan used to guide development, redevelopment and investments; 6c. Downtown becoming a community and regional destination; 6e. Preservation of historic buildings.

BACKGROUND & OVERVIEW: At the February 16, 2016 Committee of the Whole meeting, consultants from SB Freidman Development Advisors presented their findings related to their review of the hotel / conference center / restaurant cluster redevelopment project proposed by Downtown Bloomington Redevelopment Partners, LLC (BDRP) for the Commerce Bank, Front N' Center, and Elks Lodge buildings in downtown Bloomington. While SB Friedman’s analysis of the BDRP proposal determined that the conceptual project could be financially feasible with limited municipal assistance, a complete development team and program has not yet been assembled by BDRP. Consultants from SB Freidman recommended that the City Council approve an Inducement Resolution in support of BDRP’s proposed project and request that a complete development team and program be assembled.

Consultants from SB Freidman also recommended that the City Council initiate the creation of a Tax Increment Finance (TIF) District and Business District (BD) in downtown Bloomington that would include the subject properties so that those economic development tools can be in place to support BDRP’s proposed redevelopment project.

The proposed Inducement Resolution outlines a number of requirements that BDRP will need to meet in order to continue negotiations regarding municipal assistance for the proposed project. Once the requirements are met, staff will again review BDRP's proposal to determine whether municipal assistance is needed, and if needed, staff will negotiate a redevelopment agreement with BDRP for review and approval by the City Council.

The passage of the proposed Inducement Resolution is necessary to allow BDRP's eligible expenses incurred before the establishment of the proposed TIF District and BD to be eligible for reimbursement should the proposed TIF District and BD be established and a Redevelopment Agreement be approved by the City Council. The Inducement Resolution has been prepared and reviewed by the City's TIF Attorney, Kathleen Field Orr & Associates, and is attached.

City staff recommends the Inducement Resolution be approved so that BDRP can continue its work to secure a developer / hotel operator for the proposed downtown hotel with the assurance that the City Council is supportive of the project at this early stage.

COMMUNITY GROUPS/INTERESTED PERSONS CONTACTED: Appropriate Department Heads have provided input on the proposed redevelopment of the Commerce Bank, Front N' Center, and Elks Lodge buildings. Additional meetings have been held with neighboring property owners, interested local and national developers and commercial real estate brokers.

FINANCIAL IMPACT: The proposed Inducement Resolution does not legally bind the city to financially support BDRP in any way. Should BDRP's final development proposal not meet the approval of the City Council, the city will not be obligated to provide any reimbursement for expenses incurred by BDRP or be obligated to establish the proposed South Downtown TIF District or South Downtown Hospitality Business District for the benefit of BDRP.

Respectfully submitted for Council consideration.

Prepared by: Austin Grammer, Economic Development Coordinator

Reviewed by: Tom Dabareiner AICP, Community Development Director

Financial & budgetary review by: Chris Tomerlin, Budget Analyst
Carla Murillo, Budget Manager

Legal review by: Kathleen Field Orr, City TIF Attorney

Recommended by:



David A. Hales
City Manager

Attachments:

- MCRPC GIS map highlighting BDRP proposed redevelopment site.
- Inducement Resolution.

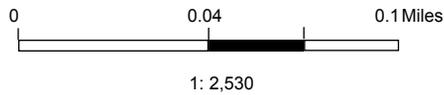
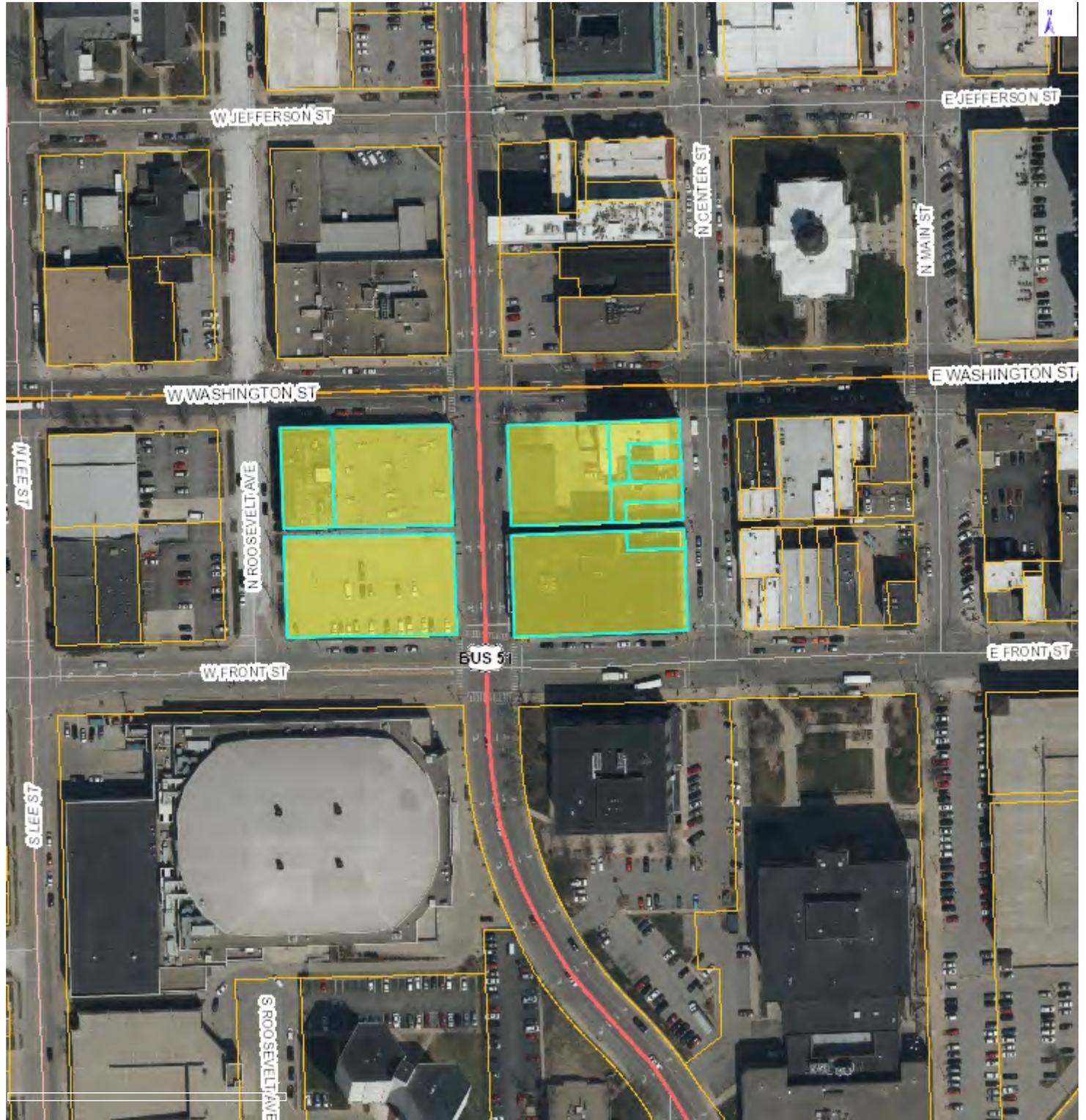
Motion: That the Inducement Resolution in support of a proposed redevelopment project from Bloomington Downtown Redevelopment Partners, LLC be approved and authorize the Mayor and City Clerk to execute the necessary documents.

Motion: _____ Seconded by: _____

	Aye	Nay	Other		Aye	Nay	Other
Alderman Black				Alderman Mwilambwe			
Alderman Buragas				Alderman Painter			
Alderman Fruin				Alderman Sage			
Alderman Hauman				Alderman Schmidt			
Alderman Lower							
				Mayor Renner			



BDRP Proposed Redevelopment Site



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Notes

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Resolution No. 2016-09

**A RESOLUTION IN SUPPORT OF A PROPOSED REDEVELOPMENT PROJECT FROM
BLOOMINGTON DOWNTOWN REDEVELOPMENT PARTNERS, LLC**

WHEREAS, the City of Bloomington, McLean County, Illinois (the “*City*”) is a duly organized and validly existing home rule municipality pursuant to Article VII, Section 6(a) of the Constitution of the State of Illinois of 1970, and as such, may exercise any power and perform any function pertaining to its government and affairs; and,

WHEREAS, the Mayor and City Council of the City (the “*Corporate Authorities*”) have determined that one of their primary goals as a local unit of government is to promote the health, safety and welfare of its citizens by encouraging private investment in industry and business in order to enhance the City’s tax base, ameliorate blight and provide job opportunities for its residents; and,

WHEREAS, Bloomington Downtown Redevelopment Partners, LLC (the “*Developer*”) has proposed the redevelopment of the Commerce Bank and Front N Center buildings into a 129 room hotel, conference center and restaurant cluster (the “*Proposed Project*”) within the City’s “Downtown District,” which Proposed Project could enhance the vitality of the central business district of the City given its strategic location adjacent location to the historic downtown square; and,

WHEREAS, the administration of the City has conducted a preliminary review of the Proposed Project including (collectively, the “*Preliminary Plans*”):

- (a) Preliminary Concept plans for the Proposed Project including floor plans for the hotel and convention center;
- (b) Estimated costs of the Proposed Project including both hard and soft costs;
- (c) A proposed capital structure;

(d) Projected revenues from all sources, including hotel taxes, food and beverage taxes, sales taxes, real estate taxes; and

(e) Projected net operating income;

and,

WHEREAS, the Developer has advised the City that the Proposed Project shall require financial assistance from the City for certain costs to be incurred in connection with the Proposed Project, which costs would constitute “Redevelopment Project Costs” as such term is defined in the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 *et seq.* (the “*TIF Act*”) or “Business District Project Costs” under the Business District Development and Redevelopment Law, 65 ILCS 5/11074.3-1 *et seq.* (the “*BD Act*”) and, therefore, has requested the City to proceed to consider the designation of its Downtown District as a “Redevelopment Project Area” pursuant to the TIF Act and the designation of a “Business District” pursuant to the BD Act; and,

WHEREAS, this Resolution is intended to:

(a) allow the Developer to incur certain costs relating to the Proposed Project that may be considered Redevelopment Project Costs and/or Business District Project Costs prior to the approval of any redevelopment agreement with the Developer;

(b) require the Developer to provide the City with the data hereinafter set forth in order to permit the Corporate Authorities to determine if the Proposed Project is economically viable; and,

(c) allow the costs incurred by the City in connection with its review of the Preliminary Plans, its review of the additional data hereinafter itemized and the designation of a

Redevelopment Project Area and a Business District to be considered Redevelopment Project Costs and/or Business District Project Costs as defined by the TIF Act and the BD Act.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and City Council of the City of Bloomington, McLean County, Illinois, as follows:

Section 1. The City Council hereby directs the City Manager to request the Developer to provide the following data for its review on or before May 31, 2016:

- (a) Evidence of Site Control;
- (b) Letters of commitment from an appropriately experienced and acceptable hotel developer;
- (c) Financing commitments from acceptable lenders, tax credit buyers, and cash equity investors;
- (d) Lease or other commitments from appropriate other tenants;
- (e) Franchising agreement for an acceptable hotel brand;
- (f) Detailed plans and specifications for the development acceptable to the City Manager;
- (g) Construction and development costs prepared in sufficient detail by a general contractor or professional cost estimator; and,
- (h) Revised, final financial projections of net operating income, tax generation, and other factors.

Section 2. The City Council hereby authorizes the administration and its redevelopment consultant to review all data submitted by the Developer to determine appropriate levels of support from the City, if any, necessary to achieve economic feasibility.

Section 3. The City Manager is hereby authorized to initiate the preparation of an Eligibility Report and Redevelopment Plan in order to proceed with the designation of a

Redevelopment Project Area pursuant to the TIF Act and a Business District pursuant to the BD Act covering the City's Downtown District.

Section 4. The City Manager is authorized to initiate such other studies and analyses as necessary to support creation of these districts including without limitation and required appraisals, environmental assessments, and redevelopment consulting costs, all to be reimbursable as eligible Redevelopment Project Costs and Business District Project Costs as permitted by the TIF Act and the BD Act.

Section 5. That the Corporate Authorities may also consider expenditures in connection with the Proposed Project incurred by the Developer prior to its approval of the Proposed Project and the execution of a redevelopment agreement with the Developer, to be expenditures that are Redevelopment Project Costs as defined by the TIF Act and Business District Project Costs as permitted by the BD Act.

Section 6. The City Manager is hereby directed to deliver to the City Council a final recommendation as to the appropriate levels of support from the City, if any, in order to permit the development of the Proposed Project to proceed to completion.

Section 7. That this Resolution shall be in full force and effect from and after its passage and approval as provided by law.

Passed by the Mayor and City Council of the City of Bloomington, Illinois, this 14th day
of March, 2016.

AYES: 8

NAYS: 1 (Alderman Kevin Lower)

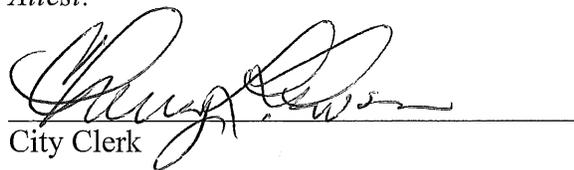
ABSENT: 0

APPROVED:



Mayor

Attest:



City Clerk