

## **Economic Development Incentive Guideline**

**PURPOSE:** The purpose of this policy is to assist in attracting and retaining high quality development that is compatible with the long-range goals expressed in the Strategic Plan and land uses outlined in the Comprehensive Land Use Plan. Furthermore, it serves to stimulate development within certain priority areas as outlined in the Target Area Map, wherein enhanced incentive tools and levels may be deemed necessary. It is important to note that a guideline is intended to provide a recommended practice that allows some discretion or leeway in its interpretation, implementation or use, depending on the circumstances surrounding the particular project being evaluated.

**GENERAL POLICY:** The City of Bloomington may, at the City's discretion, provide financial or in-kind assistance to new or existing development through the use of incremental and other revenues accrued by the City. The Economic Development Council of the Bloomington-Normal Area will assist developers in seeking financing and incentives available through alternate, non-municipal, programs.

**GOALS:** The City of Bloomington will reference the following goals and objectives when evaluating opportunities for financial assistance.

### **1. Strategic Use of Incentives:**

**Economic incentives considered by the City must provide a distinct financial return to the City.**

Objectives:

- a. Developer will be required to provide either an affidavit to support their “but for” claim or proof of a competing incentive offer from a location outside of McLean County.
- b. Careful consideration will be given in order to evaluate the financial situation of the developer and attest to the legitimacy, or lack thereof, of said affidavit.
- c. If a financial return is not identified, other types of incentives can be considered so long as the direct result of the incentive is the encouragement of development and the City's goals and objectives are met.
- d. Economic incentives considered by the City of Bloomington will additionally factor in the economic impact an incentive to a specific applicant has to revitalize a particular area of the City beyond just the applicant's property.

### **2. Incentive Application Process:**

**Economic incentives considered by the City must be initiated by the formal application process.**

Objectives:

- a. Requests for economic development assistance must be in the form of a completed Application.
- b. Applications must be accompanied by detailed financial information that demonstrates the anticipated revenue that the project is expected to generate and also includes a ‘sources and uses statement’.
- c. Information of a detailed financial nature will be regarded as proprietary and will remain confidential.

**3. Incentive Sources and Uses:**

**Economic incentives considered by the City should be derived from new incremental revenue sources unless the ‘but for’ theory is proven and the City will benefit from a distinct financial return.**

Objectives:

- a. For projects that are requesting sales or property tax rebate incentives, only those City revenues which are directly accrued on an annual basis by the proposed project, will be considered for use to assist in the development or redevelopment activities and costs.
- b. Incremental revenues are those which annually result from the proposed project in excess of current City revenues being generated from the project site or area.
- c. Projects that involve relocation of an existing activity from one location to another within the boundaries of Bloomington-Normal should be accompanied by a testimonial whereby the affected business’ operations would not continue ‘but for’ the alternate location.
- d. The redevelopment of an existing activity shall have the incremental revenue generation amount based upon the amount in excess of the revenue previously accruing to the City at the existing location.

**4. Incentive Guidelines:**

**Economic incentives considered by the City of Bloomington must be of an appropriate amount and extend over an appropriate amount of time as related to the proposed project.**

Objectives:

- a. Normally, not more than 20% of the total project cost will be supported by incentive revenues.
- b. Total project cost is the cost of development of the project including all land, site, and public infrastructure, and building and site amenity costs necessary to constitute an operating commercial or industrial project.
- c. Financial assistance will not normally exceed 50% of the incremental City revenue to be generated by retail commercial uses and will be limited to a 5 year period.
- d. In those instances when City funds are provided at the beginning of the project, assistance will not normally exceed 10% of the total project cost and funds will be subject to reimbursement within three (3) years of the date of completion.
- e. For those projects where a competing offer is provided, the proposed incentive will be evaluated against the criteria found herein.

**5. Incentive Limitations:**

**Economic incentives considered by the City of Bloomington will be provided on a project basis.**

Objectives:

- a. For multi-phase projects, or those having multiple buildings, assistance will be provided based on the overall development program and channeled through a single development agreement with the prime developer.
- b. No separate financial incentives or assistance to owners or developers of parcels that are sub-components of the primary project will be provided.

**6. Incentive Terms and Agreements:**

**Economic incentives considered by the City of Bloomington will be subject to a development agreement inclusive of performance based measurements and appropriate claw back provisions.**

Objectives:

- a. All project assistance from the City will be provided based on a negotiated development project agreement between the City and the developer and is subject to performance based measurements as adopted by the City Council.
- b. The agreement will contain a cost recovery process whereas in the event that the assisted project fails prior to the completion of the period covered by the incentive, claw back measurements will ensue to ensure recovery of assistance.

**7. State and Federal Regulations:**

**Economic incentives considered by the City of Bloomington will be subject to conformity with applicable State and Federal provisions.**

Objectives:

- a. All projects for which City financial assistance is requested (except those within the TIF District) will be required to conform to all local, state and federal regulations and shall meet all of the stipulations and requirements therein.
- b. Projects proposed within a TIF Districts shall be subject to the provisions of the Illinois Tax Increment Allocation Redevelopment Act (TIF Act, 65 ILCS 5/11-74, 4-1), as amended.

**8. Incentives for Future Development:**

**Economic incentives considered by the City of Bloomington will not be considered on a retroactive basis.**

Objectives:

- a. No assistance will be provided to any project for expenditures incurred prior to the adoption of the ordinances required to implement the project.

**DUE CONSIDERATION:** In addition to the policies set forth above, the following provisions should be noted by any applicant/developer seeking economic development financial assistance from the City of Bloomington:

- a. The adoption of these policies by the City Council in the form of a resolution should not be construed to mean that the provision of financial incentives is inherently approved for any applicant and/or project that may be able to comply with the policies as set forth herein. Each project will be approached as an entity to be independently evaluated.
- b. The City reserves the right to amend, modify, or withdraw these policies; revise any requirement of these policies; require additional statements, sworn affidavits or other information from any applicant/developer, to negotiate or hold discussions with any applicant/developer/and or project which does not completely conform to the policies as set forth above, to waive any nonconformity with these policies, to eliminate these policies in

whole or in part, if the City deems it is in its best interest to do so, and to waive any timetables established by ordinance, resolution or motion.

- c. Submission of an application for economic development assistance that complies with the spirit and intent of these policies does not commit the City to approval of the development/redevelopment project associated with said application.
- d. The City may exercise the foregoing rights at any time without notice and without liability to any applicant, developer and/or project or any other party for its expenses incurred in the preparation of an application for economic development assistance. The preparation of any such application and related costs associated with responding to the City in its review of such application shall be the sole responsibility of the applicant/developer.