



Village of Flossmoor

Economic Development Policy Guidelines

FLOSSMOOR

Purpose

The Village of Flossmoor believes that local businesses are a valuable and important part of our community, and Flossmoor welcomes opportunities for business growth and development. Projects eligible for economic development incentives are those projects centered on business attraction, retention, expansion or modernization.

The purpose of these Guidelines is to communicate Flossmoor's objectives with respect to Village sponsored economic incentives to all parties involved and to provide a general framework for the consideration of economic incentive proposals received by a developer; these guidelines do not preclude the Village from initiating discussions or proposals for incentives. These Guidelines are intended to be flexible in order to address specific circumstances and may be waived or amended as the Village Board of Trustees deems appropriate.

Requests for economic incentives will be considered on a case-by-case basis based on the merits of the individual proposal and the Village's objectives with respect to the economic development proposal before them. Meeting policy guidelines does not guarantee assistance, and the approval or denial of one project shall not set a precedent for approval or denial of other projects.

Incentives are a tool to encourage and maintain quality development in the Village and should be used in the best interest of the community by providing long-term value. The impacts on all stakeholders should be considered before the Village approves or denies the request.

Village Goals

The primary goal for the use of economic incentives is to realize quality projects which will improve residents' quality of life, generate new revenue for the Village and create employment opportunities. The Village's intention should be to provide the minimum amount of assistance necessary to make the project viable while carefully considering the long-term financial and community impacts. But for the incentive, the project cannot occur; however, it cannot subsidize any business operations.

These goals are to be met through the following objectives:

1. Preserving or expanding the Village's property tax and sales tax base.
2. Attracting developers/businesses to high priority sites.

3. Encouraging high quality commercial development of the Village's primary business corridors.
4. Creating significant employment opportunities through the development and expansion of existing businesses.
5. Attracting high priority and unique businesses to the Village that improve the overall mix of uses.
6. Improving properties that have been vacant for a long period of time.
7. Investing in the necessary infrastructure improvements to attract business development.
8. Providing higher quality exterior appearance in developments, than the market will bear, to improve the appeal of Flossmoor's commercial corridors.
9. Introducing uses which further the Village's reputation as a destination for shopping, dining and entertainment.

Types of Incentives

Examples of the types of incentives that the Village Board may consider include, but are not limited to:

1. Conveyance of land or reduced land costs on the purchase of land owned by the Village
2. Reduction of or waiver of building and development fees
3. Cost sharing of public private improvements such as sidewalk, water, sanitary and/or storm sewer
4. Sales tax sharing agreements
5. Village "grants" to encourage specific improvements such as façade improvements or green building techniques
6. Support of County property tax abatements (i.e. Class 8)

Review Criteria

The level of assistance given to a developer or business should be the minimum needed to provide the project but for the incentive.

The following criteria may be used to evaluate requests for an economic incentive:

1. The applicant in all cases should demonstrate that the project would not otherwise take place "but for" the economic incentive.
2. Compatibility with the Village's Comprehensive Plan or other long-range plans.
3. Whether the business/developer is a suitable development partner for the Village.
4. The Village's risk in providing the incentive and its return on investment.

5. Enhancement and/or diversification of Village revenue base. It is intended that Taxes or revenues historically received by the Village should not be reduced below the base year of any incentive, as established by the development plans, after an incentive approved.
6. Use of vacant or underutilized property.
7. Fulfillment of an underserved business segment.
8. Attraction of targeted business niches or targeted firms.
9. The project is a “trigger” project that is anticipated to cause other development to occur.
10. Extraordinary and prohibitive expenses such as public infrastructure and environmental remediation.
11. Remediation of blighted property.
12. Enhancement of cultural and/or environmental circumstances.
13. The impact of employment opportunities within the Village.
14. Quality of development and aesthetics above and beyond code requirements and design standards.
15. Demonstrated probability of economic success.
16. Demonstrated ability to construct, operate and maintain the proposed project based upon past experience and reputation.

The Board and staff may establish “Questions for Consideration of Incentives” as referenced in Exhibit A to provide a level of engagement between the incentive beneficiaries, elected officials and other interested individuals in consideration of whether such an incentive is worthy of favorable consideration. These questions may be modified from time to time without formal Board approval as strategic objectives are identified.

Submittal Requirements

By providing an incentive, the Village is entering into a financial agreement; therefore it is appropriate to request detailed financial information from the developer or property owner to allow the Village to evaluate the likely success of the project and make an informed decision. The following is a general list of items the Village may wish to request to provide for a thorough review of the project, including any potential impacts and how the requested incentive may benefit the Village.

1. Summary of the proposal and benefits to the Village, most importantly as to how they relate to the objectives and criteria outlined in these guidelines.
2. Complete list of investors identifying individual ownership interest.
3. Purchase price of the property
4. Current property appraisal.
5. Estimated development costs and proposed construction timeframe.
6. Estimated number of permanent employees.

7. Projected annual sales over the next ten years.
8. Market study, gap analysis and pro forma analysis of the project, including sources of financing, uses of financing, annual cash flows, annual debt service and calculated rate of return.
9. Estimated taxes and other revenue generated for the Village government from the project.
10. Description of the incentive being requested.
 - a. Dollar amount and proposed structure of the incentive.
 - b. Description and amount of extraordinary costs related to the development.
11. Financial guarantees to ensure project completion such as letters of credit and cash escrow.
12. Any other relevant information requested by the Village and necessary to evaluate the request.

Review Process

The applicant should submit three copies of the incentive request packet to:

Village Manager's Office
Village of Flossmoor
2800 Flossmoor Road
Flossmoor, IL 60422

As deemed necessary by the Village, the applicant may be required to deposit an amount into an escrow account for legal, engineering, financial or other consultant costs associated with the Village's review of the incentive request. Evaluation of an incentive request will include staff, legal review, any relevant consultants and ultimately the Village Board.

The Village Board's decision to consider and approve economic incentive agreement is and will remain as a case by case review of each application and offered only upon a clear demonstration of substantial and significant public benefit.

General Guidelines for Structuring Incentive Agreements

The Village Board has final authority to negotiate the terms of any economic incentive or to deny approval of an incentive proposal. If approved, the following are general guidelines for structuring such agreements.

1. Description of the project.
2. Description of developer's responsibilities.
3. Description of Village responsibilities.

4. Construction cost estimates including unusual or extraordinary costs.
5. Timing and/or phasing of the project.
6. Performance requirements.
7. Monitoring and compliance with the performance requirements which may include the ability to review developer's records.
8. Impact as a result of ownership.

In addition, the following specific guidelines should be included in such agreements:

1. "But For" standard: A finding of financial necessity in that the applicant would not build the proposed project without ("but for") such incentive.
2. Dollar Amount and Term: A maximum dollar amount and term will be defined in the agreement. Assistance should be at the lowest level possible with the least amount of time.
3. Ownership: The developer must retain ownership of the overall project until final completion for the Agreement to remain in effect. Loss of ownership through sale or foreclosure will require another review of the agreement by the Village and may require a new submittal for the request.
4. Milestone Schedule: The agreement may identify a timetable for construction completion and phased occupancy, as appropriate to a given project.
5. Business Commitment: A commitment for business occupancy equal to or beyond the term of the incentive.
6. Ineligible Project Costs: Expenses incurred prior to approval of the project and soft costs such as legal, architectural or engineering consultant fees are not considered eligible project costs for use of an economic incentive. Where appropriate, the agreement should identify the specific use of the incentive.
7. Pay-As-You-Go: Assistance will be provided by a "pay-as-you-go" method. Upfront financing requests will be considered on a case-by-case basis.
8. Reimbursement for Failure: The agreement should contain a claw-back provision to the Village for reimbursement of the incentive based on specified time periods should a business associated with an incentive cease to operate during the term of the incentive or another specified period of time.