



## Agenda Item Executive Summary

**Title:** Downtown Master Plan Implementation

**Presenter:** Robert M. Bahan, Village Manager & Megan E. Pierce, Assistant Village Manager

**Agenda Date:** 03/07/2017

**Consent:**  YES  NO

Ordinance  
 Resolution  
 Bid Authorization/Award  
 Policy Direction  
 Informational Only

### Item History:

-October 25, 2016: Village Council Budget Review of Business District Revitalization Fund

-November 3, 2016: Village Council Adoption of Ordinance M-12-2016, Amending the Winnetka 2020 Comprehensive Plan to include the Downtown Master Plan

-January 10, 2017: Village Council Study Session on Downtown Master Plan Implementation

### Executive Summary:

Based on Council feedback at the January 2017 Study Session, as well as the recently presented opportunity for a streetscape improvement that could be constructed this year, Staff is prepared to discuss a revised Downtown Master Plan (DMP) implementation process and outlook. On Tuesday, we will review: targeted streetscape improvements, financing strategies, and revised DMP phasing.

### Recommendation:

Staff seeks Council direction on DMP Implementation, including: 1) Public/private partnership for targeted streetscape improvements at the intersection of Spruce Street and Chestnut Avenue; 2) Reallocation of 2017 Business District Revitalization Fund dollars; 3) Available financing strategies for public entities; and 4) Revised 2017 Implementation Program.

### Attachments:

- Agenda Report
- Attachment #1, Spruce/Chestnut Streetscape Conceptual Plan
- Attachment #2, DMP 2017 Implementation Schedule

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## VILLAGE OF WINNETKA AGENDA REPORT

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TO: Village Council

FROM: Robert M. Bahan, Village Manager  
Megan E. Pierce, Assistant Village Manager

CC: Michael D’Onofrio, Director of Community Development

DATE: February 28, 2017

SUBJECT: Downtown Master Plan Implementation

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### **Meeting Objectives:**

Staff seeks Village Council direction and concurrence on a number of Downtown Master Plan (DMP) implementation items in order to build upon the positive momentum of the 2015/2016 process and the adopted Action Plan, including:

- Public/private partnership for targeted streetscape improvements at the intersection of Spruce Street and Chestnut Avenue;
- Reallocation of 2017 Business District Revitalization Fund dollars;
- Available financing strategies for public entities; and
- Revised 2017 Implementation Program.

Based on Council feedback at the January 2017 Study Session, as well as the opportunity for a streetscape improvement which could be constructed this year, Staff is prepared to discuss a revised process and outlook.

### **Targeted Streetscape Improvements:**

Following the January Study Session, Staff began revising the 2017 DMP work plan and discussing an alternative proposal with Teska Associates. During late January, Community Development received a request to enter into a public/private partnership from the developer constructing the new restaurant at 574 Green Bay Road, which is the site of the former Fred’s Garage property located at Spruce and Chestnut.

In early February, Staff met with the developer, and they presented three options for constructing enhanced streetscape at their site. The developer also requested financial assistance from the Village for the options that targeted enhanced streetscape improvements in the public right of way and adjacent to their property. The developer has committed to approximately \$63,000 in streetscape improvements and believes it worthwhile to pursue additional enhancements now, consistent with the Village’s Streetscape Plan, while the property was under construction. Shown below are the three options the developer presented for Village consideration.

More detailed plans are shown in *Attachment #1, Spruce/Chestnut Streetscape Drawings*.

<b>Option #1 – Minimal Approach</b>	<b>Option #2 – Mid Range Option</b>	<b>Option #3 – Village Plan</b>
\$63,000	\$125,000	\$260,000*

\*The developer’s original cost estimate was \$235,000, but did not include electrical and lighting, which adds \$25,000 for total estimated cost of \$260,000.

Staff requested some additional time to consider their request and to review streetscape options for this area. Thereafter, Public Works/Engineering was asked to review the options presented by the developer, consider broadening the streetscape project within that area, and update the unit pricing of the Village’s Streetscape Plan. Public Works/Engineering recently brought forward their analysis which is summarized below:

- Initially, Public Works/Engineering considered implementing streetscape along the north side and south side of Spruce Street and along both sides of Chestnut from Spruce on the north to the alleys south on each side of the street. The estimated cost to construct this project area was \$861,000, which exceeds budget capacity for this fiscal year.
- To only implement Option #3, Public Works/Engineering has developed a cost estimate of \$265,855 which is very close to the cost estimate of \$260,000 presented by the developer.
- To implement Option #3 and the west side of Chestnut (both sides south to alleys) including the bump out at the Starbucks corner added an additional \$217,000 for a total of \$482,887.

After being presented with this intervening request, Staff re-evaluated the proposed DMP work plan for FY 2017 and is presenting this opportunity for the Council’s consideration. Given the opportunity to implement significant streetscape while a development project is under construction, Staff recommends re-allocating currently budgeted physical project improvements including bike racks, Merrill Street conversion, wayfinding program, gateway signage, and funds proposed for the Post Office evaluation towards constructing these highly visible and valuable physical improvements during the upcoming construction season.

As described later in this report, the projects being recommended for deferral would be further evaluated and discussed later this year when the overall Streetscape Plan is considered by the Council for funding and phasing. Following is a list of the budgeted items and dollars from the 2017 Business District Revitalization Fund. Staff proposes to reallocate these funds to the Targeted Streetscape project at Spruce and Chestnut:

<b>Item:</b>	<b>Estimated Cost:</b>
Bike Racks	\$50,000
Merrill Conversion	\$75,000
Wayfinding Program & Signage	\$65,000
Gateway Signage	\$55,000
Post Office Site Evaluation	\$50,000
<b>Subtotal</b>	<b>\$295,000</b>
<b>Existing FY17 Spruce St. Allocation</b>	<b>\$75,000</b>
<b>TOTAL</b>	<b>\$370,000</b>

As listed above, a total of \$370,000 in funding could be allocated towards the targeted streetscape project this year. Below is a summary of how the project could be funded this year:

Estimated Cost of Targeted Streetscape Project:	\$482,887
Less Re-allocated DMP Projects:	(\$370,000)
Less Developer Contribution:	<u>(\$63,000)</u>
Difference:	\$49,000

The estimated difference would be covered by the fund balance in the Downtown Revitalization Fund, including the task of Ciorba Group updating the targeted civil drawings. Depending upon final costs incurred, some contingency funds could also be utilized if needed.

If the Council concurs with this approach, Staff requires direction to enter into an agreement with the developer—stipulating the developer’s contribution towards the overall improvements, project management, and responsibility. We must also finalize the construction plans, prepare a construction schedule for this season, and proceed with bidding the project.

**Financing Strategies:**

During the January Study Session the topic of financing the downtown improvements was raised, and Staff was asked to consider and report to the Council on some of the more common economic development tools available to municipalities. There is a generally accepted set of economic development tools available to local governments in Illinois. The table below summarizes some of the more common tools used in our area:

<b>Economic Development Tool</b>	<b>Strengths</b>	<b>Weaknesses</b>
Tax Increment Financing (TIF)	Often largest source of funds; not an additional tax	Some Limits on Flexibility of Funds; school and other special unit tax impacts
Special Service Area (SSA)	Flexible Use of Funds	Creates Additional Property Tax; Objections can be filed
Additional Sales Tax or Home Rule Sales Tax	Home Rule Communities can institute additional sales tax without referendum in quarter percent intervals – flexible use of funds	Creates Additional Tax
Business District Designation	Flexible Use of Funds, allows for additional sales tax within the designated area	Creates Additional Tax; Redundant with Home Rule Sales Tax option
Land Write Downs	Provides Parcel Site Development Control	Municipality Must Own the Land
Fund Raising/Foundations	Non-Public Money	Difficult to Establish and obtain

To provide the Council with an overview of options for potentially funding downtown improvements, we will briefly explain the first three listed tools including TIF, SSA, and sales tax options.

### **Tax Increment Financing**

Tax Increment Financing (TIF) is a program that allocates future increases in property taxes from a designated area, or TIF district, to pay for improvements within that area. In Illinois, the TIF district can remain in place for up to 23 years after its creation. The district can be extended for another 12 years, but an extension requires an act of the state legislature.

Normally, property is taxed by several different governmental jurisdictions: the municipality, School District, County, Park District, Water Reclamation District, etc. The taxes levied are allocated to each district in accordance with its tax rate. Under TIF, the property taxes resulting from increased value due to new development, rehabilitation or improvement, property appreciation, equalization, or rate changes are all allocated to the municipal TIF fund. Other jurisdictions continue to receive the property taxes generated by the base value of properties in the district prior to the TIF development.

All properties in the district are assessed in the same manner as all other properties and taxed at the same rate. TIF is not an increase in taxes. It is only a re-allocation of how the increase in tax revenues are used. Increases in property taxes experienced by property owners are due to reassessment and rate increases, not TIF.

Illinois law specifies a number of requirements that must be satisfied for an area to qualify for Tax Increment Financing, beginning with identifying the project area and the physical and economic deficiencies that need to be cured. An Eligibility Analysis is required to be performed to meet the statutory requirements. The municipality must also demonstrate that these conditions will not be addressed without some local action. What is often called the “but for” test, calls for the municipality to show that ‘but for’ the public investment provided through the TIF, effective redevelopment or development will not occur.

The establishment of a TIF also requires the preparation and approval of a Project Area Redevelopment Plan. This plan includes an assessment of the area in need of economic assistance, and demonstrates why the area needs redevelopment and how the municipality plans to revitalize it. Illinois law requires review by the major overlapping taxing bodies and a public hearing on the plan prior to TIF designation. The plan must be made available for public review and inspection at least 45 days prior to the public hearing.

#### The Redevelopment Plan typically includes:

- Documentation as to how the area satisfies the "but for" requirement;
- A description of the boundaries of the area recommended for redevelopment;
- A discussion of why the area needs redevelopment;
- The redevelopment goals and objectives for the area;
- An explanation of how land in the TIF district will be used;
- A budget for the life of the TIF, including the total TIF eligible costs; and
- An evaluation of the fiscal and programmatic impact on the overlapping taxing bodies.

### Typical TIF projects include:

- Redeveloping substandard, obsolete, or vacant buildings;
- Financing general public infrastructure improvements, including streets, sewer, water, and the like, in declining areas;
- Remediating polluted areas;
- Improving the viability of downtown business districts;
- Providing infrastructure needed to develop a site for new industrial or commercial use; and
- Rehabilitating historic properties.

### Types of TIF-Eligible Costs

The eligible uses for TIF funds are provided in Illinois' Tax Increment Allocation Redevelopment Act (65 ILCS 5/11-74.4-1 through 11-74.4-11) or "the TIF Act." The Illinois TIF Act generally authorizes that TIF funds may be used for:

- Administration of a TIF redevelopment project;
- Property acquisition;
- Rehabilitation or renovation of existing public or private buildings;
- Construction of public works or improvements;
- Job training;
- Relocation;
- Financing costs, including interest assistance;
- Studies, surveys, and plans;
- Marketing sites within the TIF;
- Professional services, such as architectural, engineering, legal, and financial planning; and
- Demolition and site preparation.

### **Special Service Areas**

Special service area (SSA) financing is a taxing mechanism used by a municipality to finance additional services, improvements, or facilities desired in a certain contiguous portion of its jurisdiction. An SSA constitutes a differential taxing area within a municipality in which the improvement or service is financed through an additional tax applicable only on the area receiving the benefit. For example, if people located in the main business district of a community go to village hall and ask that new street lighting be installed, then according to the SSA method of financing, the village could issue bonds payable from additional property taxes levied in only that business district. These taxes would be extended by the county clerk and would appear on the real estate tax bill of each person within the boundary of the special service area.

The Village has utilized SSAs for public infrastructure improvements, including dedication of private roads to Village roads, alley, and street improvements. The life of an SSA depends on the funding mechanism employed, such as debt issued, but they are not established in perpetuity. However, the Village has not recently used SSAs for downtown improvements. There are statutory guidelines for establishing an SSA, including:

- Adopt an ordinance proposing the establishment of the special service area, which must outline the parameters of the SSA, including the purpose of the SSA, the property to be included, the tax rate that may be imposed, the duration (if any) of the SSA, the amount of SSA bond (if any) to be issued, and the method for allocating the taxes;
- Schedule a public hearing to be held by the Village Council not less than 60 days after the adoption of the ordinance;
- Publish notice of the hearing at least 15 days in advance in the newspaper and mail a copy at least 10 days in advance to all taxpayers for each property with the proposed SSA;
- Conduct a public hearing;
- Observe a 60-day waiting period to allow petitions to block implementation. If a petition is filed that is signed by 51% of the electors and 51% of the owners in the proposed SSA area, the SSA cannot proceed;
- Adopt an ordinance establishing the SSA and its parameters;
- Record the ordinance with the Cook County Recorder within 60 days of passage; and
- File a certified copy of the ordinance and supporting documents with the Cook County Clerk.

**Local Home Rule Sales Tax**

Many area municipalities have pursued additional local sales tax as a General Fund revenue enhancement, depending upon the make-up of the local tax base. The Village of Winnetka, as a home rule unit of government, has the authority to institute home rule sales tax. As a home rule community, an ordinance is all that is required for implementing a home rule sales tax. A voter referendum is not required. Once an ordinance has been adopted by the Village and a certified copy has been filed with the Illinois Department of Revenue, the State will administer and enforce the new sales tax rate that has been imposed. For example, if the ordinance is approved by April 1<sup>st</sup> the tax will take effect by July 1<sup>st</sup> of the same year. If filed by October 1<sup>st</sup>, the tax will take effect on January 1<sup>st</sup> of the following year. Home rule sales tax must be imposed in ¼ percent increments and there is no maximum rate limit.

The following area home rule municipalities have implemented a home rule sales tax:

<b>Municipality</b>	<b>Home Rule Sales Tax Rate as of 1/1/207</b>
Deerfield	1.00%
Glenview	0.75%
Highland Park	1.00%
Lake Forest	0.50%
Northbrook	0.75%
Northfield	0.75%
Wilmette	1.00%

Home rule sales tax revenue is generally consistent, could be considered General Fund revenue, or earmarked for specific needs such as capital improvements. If for example, a 1% home rule sales tax was imposed, a conservative estimate of \$700,000 - \$725,000 in annual sales tax revenue could be realized. This is significantly less than the approximate \$1.2 million the

Village currently receives in our base 1% sales tax allocation. This is due to various items that are excluded from the home rule sales tax such as auto sales, groceries, and prescriptions.

As the above summaries illustrate, there are several options for the Council to consider for financing public improvements and/or pursuing financing of redevelopment of key parcels in the Village. Staff seeks direction on what additional information should be provided to further advance one or more strategies presented.

**Revised DMP Implementation Phasing:**

Earlier this year, Council emphasized the need to refine the Village’s existing Streetscape Plans before embarking on wholesale new designs and improvements. The Targeted Streetscape at Spruce and Chestnut will require updates to the 2010 Streetscape Civil Drawings and also facilitates costing improvements in current dollars. Thereafter, we propose Staff and the Council focus efforts on future financing strategies for streetscape and appropriate long-term phasing. In addition, there are a number of other short-term implementation items we believe can be accomplished in 2017 with the remaining budget; please see *Attachment #2, DMP 2017 Implementation Schedule*.

Staff proposes four projects outside of the Targeted Streetscape and Financing Strategies:

1. *Install Pilot Parklet*
  - a. Staff, with Teska Associates, would facilitate the design of a pilot Parklet, which is a temporary and seasonal streetscape installation that would be located on a Village-controlled roadway. Two existing parking spaces would be merged to create this accessible space for outdoor dining in one of the business districts. We would seek stakeholder feedback from the Design Review Board as part of the process and ultimately seek bids for construction and installation.
  - b. We propose this project would be complete by the end of Q2.
2. *Review Parking Signage & Allocations*
  - a. Staff would engage Sam Schwartz Engineering to further their work on regulatory signage and parking allocation which began with the DMP process. Site visits, map creation, and written protocol would allow Staff to adopt the final recommendations and implement the sign changes throughout the business districts.
  - b. We propose this project would be completed during Q3.
3. *Conduct Board & Commissioner Training*
  - a. It is an opportune time to conduct training with all of our Council advisory boards, including: Design Review Board, Environmental & Forestry Commission, Landmark Preservation Commission, Plan Commission, and Zoning Board of Appeals. The Village’s attorney, Holland & Knight, would be the lead to conduct the general rules training.
  - b. In addition, the American Planning Association would facilitate further training with our land use-related boards.
  - c. We propose this work would take place over Q2 and Q3.
4. *Evaluate Six DMP Zoning Recommendations*
  - a. Council feedback in January indicated that streetscape improvements were a high priority and that it was preferable for the Council to kick-off the policy



discussions around zoning. There are six areas of recommendation related to zoning which Staff has proposed should be addressed in the short-term; please recall a brief description of each item that follows is included in the January 2017 agenda packet:

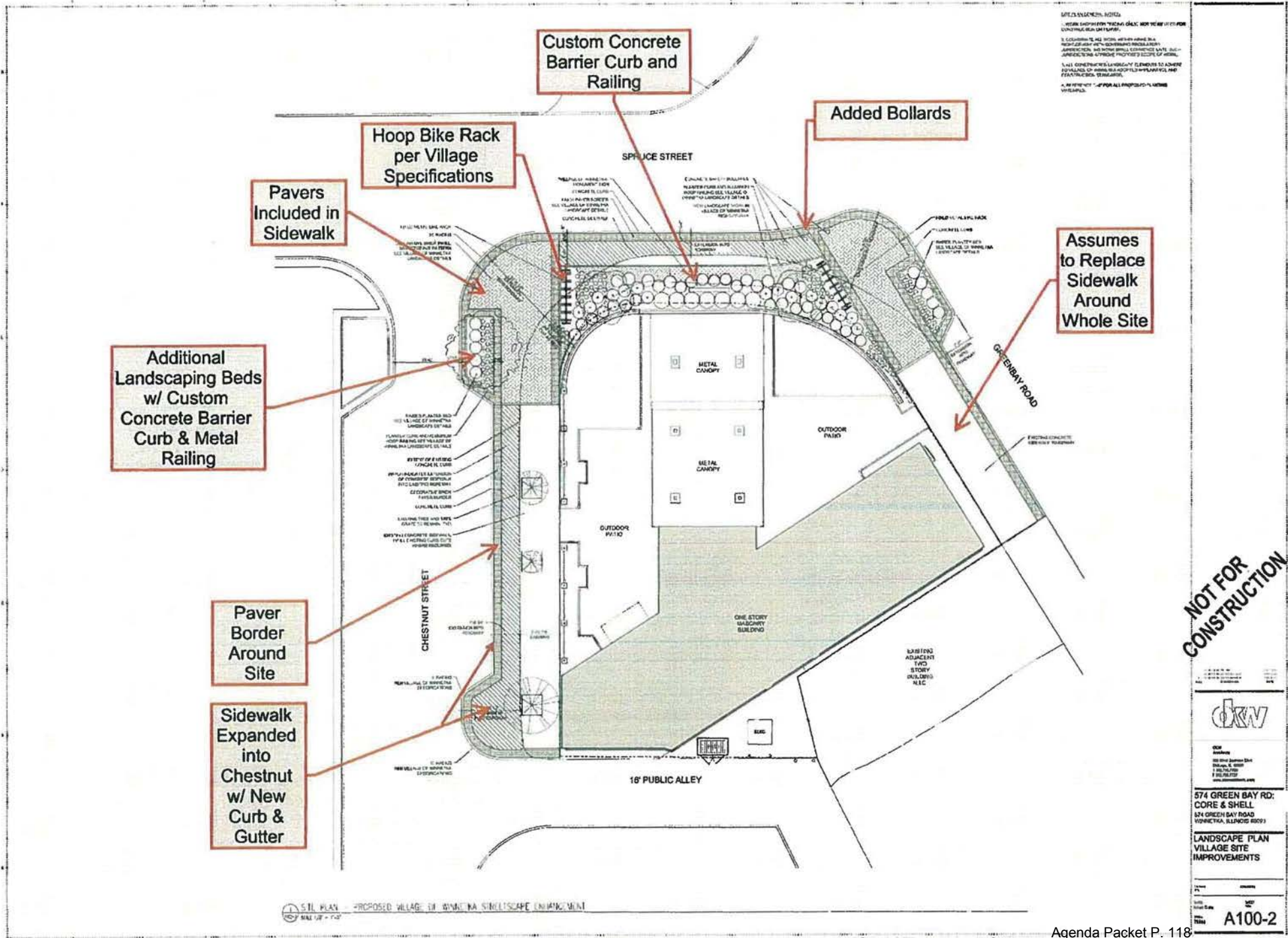
- i. Revise the Commercial Overlay District;
  - ii. Reduce/Clarify Standards for Zoning Entitlements;
  - iii. Implement Administrative Approval for Minor Variations (Commercial Districts);
  - iv. Establish a Planned Development Commission;
  - v. Refine Design Review Process; and
  - vi. Establish a Fee-in-Lieu for Parking Relief.
- b. Staff believes these are priority items from the DMP Action Plan that will impact other future work. However, this work can very reasonably begin with a revised Scope of Work specific to this project from Teska Associates, and with authorization, Council workshops could begin this summer. The proposed DMP Implementation Task Force would begin its work in mid-Q3. We envision a similar role for the Task Force as previously presented, but they would kick-off with structured policy guidance from the Village Council. The Task Force, facilitated by Teska Associates, would also conduct stakeholder outreach.
- c. As this project has heavy engagement, it is likely to continue into the beginning of 2018, and regular Council updates would be provided.

**Next Steps:**

Immediately, Staff would like to take action to collaborate with the owner of 574 Green Bay Road (Fred's Garage) to solidify the Targeted Streetscape Plans. Plan refinement and bidding would take place in the next 60 days. In the meantime, we will start with Council's direction on Streetscape Financing. Also immediately upon Council's direction, we will begin the scope of work for the Pilot Parklet.

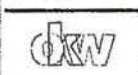
**Attachments:**

- *Attachment #1, Spruce/Chestnut Streetscape Streetscape Drawings*
- *Attachment #2, DMP 2017 Implementation Schedule*



**GENERAL NOTES:**  
 1. WORK SHOWN FOR TRUCKING GRASS AND TREE REMOVAL FOR CONSTRUCTION OF PAVEMENT.  
 2. CURB AND RAILING SHALL BE CONCRETE AND SHALL BE INSTALLED IN ACCORDANCE WITH THE STANDARD SPECIFICATIONS FOR PUBLIC WORKS, 2012 EDITION, SECTION 05100, PART 01, DIVISION 5, ITEM 01.01.01.  
 3. ALL CONCRETE SHALL BE FINISHED TO ACHIEVE FINISHES OF WORK AS SHOWN ON THE DRAWINGS AND SHALL BE FINISHED TO ACHIEVE THE FINISHES SHOWN ON THE DRAWINGS.  
 4. ALL WORK SHALL BE DONE IN ACCORDANCE WITH THE STANDARD SPECIFICATIONS FOR PUBLIC WORKS, 2012 EDITION, SECTION 05100, PART 01, DIVISION 5, ITEM 01.01.01.

**NOT FOR CONSTRUCTION**

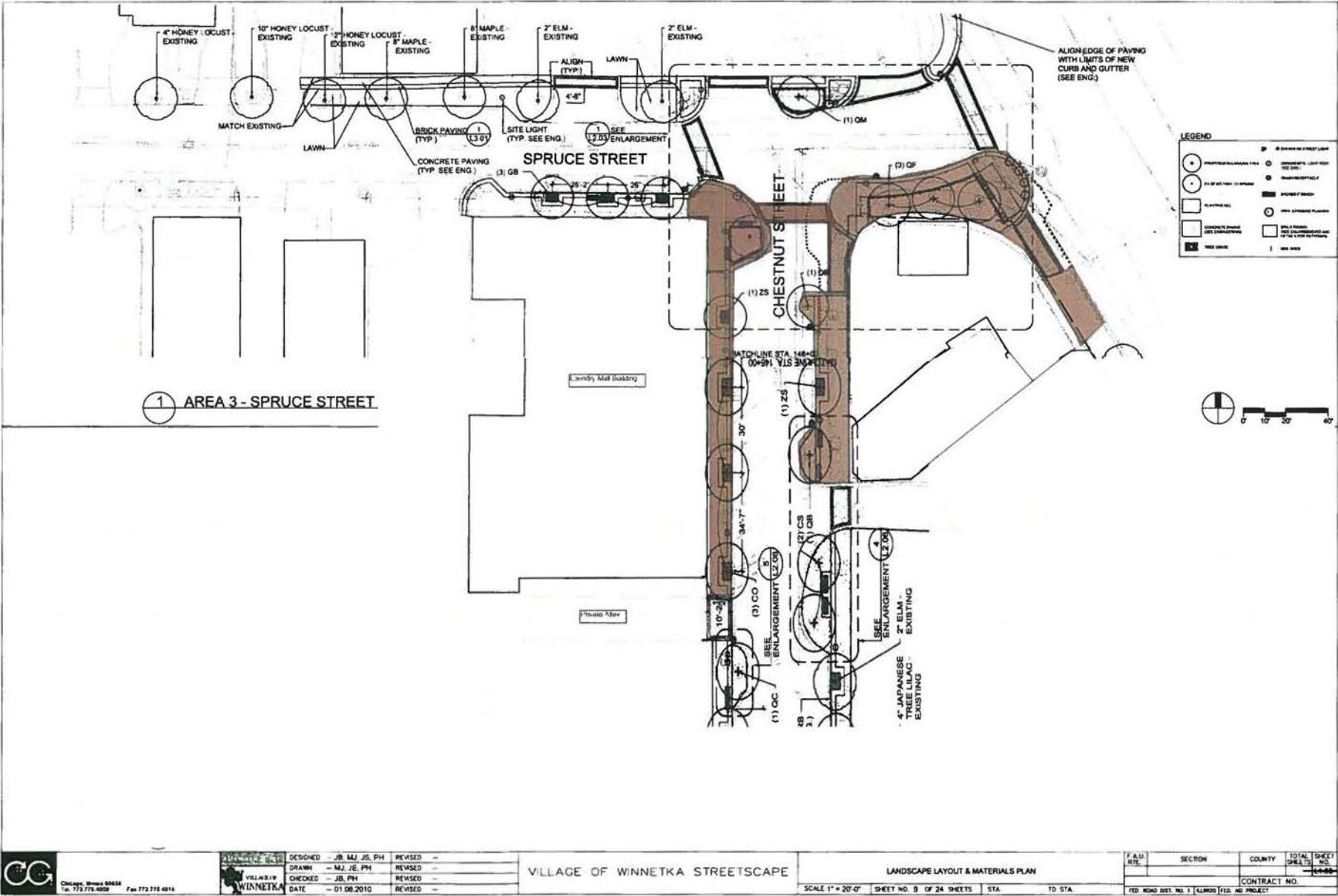


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574 GREEN BAY RD.  
 CORE & SHELL  
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 WINNETKA, ILLINOIS 60093

**LANDSCAPE PLAN  
 VILLAGE SITE  
 IMPROVEMENTS**

Scale: 1/8" = 1'-0"  
 Date: 10/20/18  
 Project No: A100-2



1 AREA 3 - SPRUCE STREET

**LEGEND**




 Chicago, Illinois 60634 Tel: 773.778.6000 Fax: 773.778.6014	DESIGNED - JB, MJ, JS, PH DRAWN - MJ, JE, PH CHECKED - JB, PH DATE - 01.08.2010	REVISIONS REVISION NO.   DATE   BY   REASON	VILLAGE OF WINNETKA STREETScape LANDSCAPE LAYOUT & MATERIALS PLAN	F.S.D. / R.T.C. SECTION COUNTY TOTAL SHEETS NO.	CONTRACT NO.
	SCALE 1" = 20'-0" SHEET NO. 9 OF 24 SHEETS STA. TO STA.	FED. ROAD DIST. NO. 1   ALMOR   FID. NO. PROJECT			

	Q1	Q2	Q3	Q4
<b>Targeted Streetscape (Spruce/Chestnut)</b>				
Costs	Staff			
Council Authorization	Council			
Bid	Staff			
Construction		Consultant	Consultant	
<b>Streetscape Financing Strategies</b>				
Council Policy	Staff	Council		
Streetscape Phasing		Staff	Council	
FY 18 Budget Proposals			Staff	Staff
	Q1	Q2	Q3	Q4
<b>Parklet</b>				
Scope of Work (Teska)	Staff			
Consultant Design		Consultant		
DRB Feedback		Stakeholder		
Finalize & Construct		Consultant		
	Q1	Q2	Q3	Q4
<b>Parking Signage/Allocation</b>				
Scope of Work (Sam Schwartz)		Staff		
Review Regulatory Signage		Consultant		
Implement Regulations		Staff	Staff	
	Q1	Q2	Q3	Q4
<b>Board/Commissioner Training</b>				
DRB, EFC, LPC, PC & ZBA (H&K)		Staff	Staff	
	Q1	Q2	Q3	Q4
<b>Zoning Implementation</b>				
Scope of Work (Teska)		Staff		
Council Authorization		Council		
Council Workshops		Consultant	Consultant	
Implementation Task Force			Taskforce	Taskforce
Stakeholder Focus Groups			Stakeholder	Stakeholder

Key:	
Staff	Staff
Council	Council
Consultant	Consultant
Stakeholder	Stakeholder
Taskforce	Taskforce