

City of Jerseyville Economic Development/TIF Application

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General Policy:

While tax increment financing (TIF) is an important and useful tool in attracting and retaining businesses/residents, it is essential that it is used appropriately to accomplish the City's economic development goals and objectives. The fundamental principle that makes TIF viable is that it is designed to encourage development which would not otherwise occur. The City is responsible to assure that the project would not occur "but for" the assistance provided through TIF. It is the policy of the City to consider the judicious use of TIF for those projects which demonstrate a substantial and significant public benefit by constructing public improvements in support of developments that will create new jobs, retain existing jobs, eliminate blight, strengthen the economic base of the City, increase property values and tax revenues, create economic stability, and stabilize and upgrade existing neighborhoods and areas. Priority will be given to projects that meet these goals.

Policy Guidelines:

The following criteria are to be used by the City to evaluate TIF applications:

1. Each TIF applicant must demonstrate that without the use of TIF, the project is not feasible and would not otherwise be completed.
2. Each TIF applicant must possess the financial and technical ability to complete and operate the project.
3. Projects involving retail development that is targeted to encourage an inflow of customers from outside the City or that will provide services that are currently unavailable or in short supply in the City will be viewed more favorably. Job creation is also vital to the community.
4. Allowable uses of TIF assistance funds include: Land acquisition, planning, legal, engineering or architectural services, demolition of buildings and clearing of property, construction costs of infrastructure improvements, rehabilitation of existing structures and financing costs.

The City enters into "redevelopment agreements" with businesses/residents that either locate or make substantial improvements within the TIF district. Through this agreement, the business/resident agrees to complete the project and make certain improvements. A business/resident cannot assume the City will financially participate in the project. Decisions are made on a project-by-project basis and must receive City Council approval before the staff can process any assistance.

Initially, approved applicants can benefit from a rebate of any incremental property taxes that are generated as a result of new construction at the site. See example at **Appendix 1**.

Basic Application Requirements:

In order for the City to effectively evaluate a request for TIF assistance, the Applicant must:

- Provide all applicable items in a single submission;
- Organize the submission and present the required information in the manner indicated below; and
- Provide five (5) copies of the submission.

Failure to provide all required information in a complete and accurate manner could delay processing of your application. The City reserves the right to reject or halt the processing of applications that lack all required items.

Consideration for project assistance is to be reviewed for compliance with the following requirements:

- The applicant must be in good financial standing
- The applicant's project must be located within the established TIF district
- The applicant must show the financial capability to complete the proposed project
- The TIF Advisory Committee will review all applications and make recommendations to the City Council regarding the same.
- Final approval is subject to presentation to and approval by the City Council
- All approved projects are subject to an administration fee
- The applicant of an approved project must enter into a written redevelopment agreement with the City
- Redevelopment agreements are assignable
- Building Permit Review by the City Building Official is required. The application for a building permit and fee should be submitted with the TIF Application submittals.

Application Submittals:

1. Basic Project Description in Summary Letter

Provide a summary of the basic project in the form of a letter addressed to the City Council. The letter should not exceed two (2) pages in length and should include only the following essential information about the project:

- Description of site or building, including address
- Current and proposed uses
- Description of end users
- Project start and end dates
- Name of developer and owner
- Total development costs
- Overview of private-sector financing and owner's cash contribution, if any
- Type and/or amount of TIF assistance requested
- Statement regarding why TIF is essential

- Summary of tax increment projections based on increased assessed value
- Expected profitability projections
- Description of public benefits, including job creation. See **Appendix 2**.

2. Project Narrative

Provide an in-depth overview of the project in narrative format. The narrative must include a description of the following aspects of the project:

- Current condition of the site and any site constraints, and a historical overview that includes the size and condition of any existing structures, past uses of the site, and environmental conditions, drainage issues, and any other site problems.
- Proposed use(s) of project/site (e.g. industrial, commercial, retail, office, residential for sale or for rental, senior housing, etc).
- Construction information about the project including: size of any existing structure to be demolished or rehabbed; size of any new construction; types of construction materials (structural and finish); delineation of square foot allocation by use; total number and individual square footage of commercial, retail and office units; total number and individual square footage of residential units; type of residential units (e.g. for-sale, rental, condominium, single -family, etc); number and type of parking spaces; and construction phasing.
- Confirm that this project is consistent with the goals and objectives of the TIF Redevelopment Plan as restated in the General Policy and Policy Guidelines above.

3. Tax Increment Financing Assistance Application

Provide more in depth information about the applicant and the project as follows:

Applicant Information

Project Name _____

Company/Individual Name _____

Business Form: Corporation ____ Partnership ____ Sole Proprietorship ____ LLC ____ LP ____

Attach a list with name, address, % of ownership, and social security number, for all owners, shareholders, partners, general partners, members and member managers, as applicable.

Contact Person/Title _____

Address _____

Office Phone _____ Alternate/Cell Phone _____

Fax _____ Email _____

Project Information

Address of Proposed Project: _____

Parcel ID Numbers Involved: _____

Attach a copy of the most recent tax bill for all PIN's involved

Total Project Cost: \$ _____

Amount of TIF Assistance Requested: \$ _____

Economic Development Information

Estimated Number of new jobs that will be created after the completion of the project:

Full-Time: _____ Part-Time: _____

Type of jobs: _____

Range of Compensation: _____

Estimated Number of jobs retained after completion of the project:

Full- Time: _____ Part-Time: _____

Type of jobs: _____

Range of Compensation: _____

Current annual gross sales: \$ _____

Estimated future annual gross sales: \$ _____

Current annual taxable sales: \$ _____

Estimated future annual taxable sales: \$ _____

List any new services, products, housing, retail or commercial offices or opportunities that will become available in the City after this project is completed:

Summary of Project Costs (Contractor Bids Preferable - attach)	Total Funding Amount (\$)	TIF Funding Amount (\$)	Source of Funds
Purchase of Land			
Demolition Cost			
Purchase of Existing Facility			
Construction of New Building(s)			
Renovation of Existing Structure			
Cost of Installation of Machinery & Equipment			
Architectural & Engineering Fees			
Legal & Other Professional Fees			
Contingency			
Working Capital			
Other (Please Specify)			
Total Project Costs			

- 4. Provide a site map that shows the location of the site and its immediate surroundings. Also provide a map, plans, renderings, drawings or preliminary architectural drawings that focus on the project construction to be done.**

5. Provide a comprehensive project timeline, including anticipated dates for site acquisition, project start and completion, as well as other project milestones. Multi-phase projects must include details for each phase. The timeline should also identify any critical or time-sensitive dates as well as any time constraints facing the Applicant.

*Note: Applicant may be requested to submit additional information, including but not limited to, environmental studies, marketing studies, business plans, engineering or architectural drawings, supporting financial documentation, cash flow analysis, lender commitments letters, and ownership documentation, for review prior to approval. See **Appendix 3**.*

6. Certification by Applicant

The applicant certifies that it will comply with all the rules, regulations and ordinances of the City of Jerseyville, Illinois. Applicant hereby certifies that all information contained above and in exhibits attached hereto is true to his/her best knowledge and belief and is submitted for the purpose of obtaining financial assistance from the City of Jerseyville, Illinois. Return application to City Hall **at 115 East Prairie Street, Jerseyville, IL 62052.**

Signature _____ Date _____

Title _____

Appendix 1

**Basic Description of Tax Rebate (EXAMPLE-Not actual tax rates):
 Pre-Construction Value**

Equalized Assessed Value (1/3 MV)		\$	1,000
	Tax District	Tax Rate	Tax Amount
	CONSOLIDATED ROAD DIST.1	0.265	\$2.65
	FIRE DIST. JERSEYVILLE	0.875	\$8.75
	JERSEY COUNTY	0.775	\$7.75
	SWIC 522	1.450	\$14.50
	CITY OF JERSEYVILLE	0.975	\$9.77
	JERSEYVILLE CUSD 1	2.450	\$24.50
	JERSEYVILLE T.I.F. 1	0	\$0.00
	Taxes Due:	6.79	\$67.90

Post Construction Value

NEW Equalized Assessed Value (1/3 MV)		\$	10,000
	Tax District	Tax Rate	Tax Amount
	CONSOLIDATED ROAD DIST.1	0.265	\$2.65
	FIRE DIST. JERSEYVILLE	0.875	\$8.75
	JERSEY COUNTY	0.775	\$7.75
	SWIC 522	1.450	\$14.50
	CITY OF JERSEYVILLE	0.975	\$9.77
	JERSEYVILLE CUSD 1	2.450	\$24.50
	JERSEYVILLE T.I.F. 1	0	\$611.10
	Taxes Due:	6.79	\$679.00

Reimbursement Sample:

Assessment Year	Payment Year	TIF Increment	50% Rebate to Developer
2013			
2014	1	\$611.10	\$305.55
2015	2	\$611.10	\$305.55
2016	3	\$611.10	\$305.55
2017	4	\$611.10	\$305.55
2018	5	\$611.10	\$305.55
2019	6	\$611.10	\$305.55
2020	7	\$611.10	\$305.55
2021	8	\$611.10	\$305.55
2022	9	\$611.10	\$305.55
2023	10	\$611.10	\$305.55
Total Reimbursement			\$3,055.50
* Number of years and rebate percentage may vary			

Appendix 2

Public Benefits

Fully describe the public benefits that can be realized by the completion of this project. Projects with a high degree of public benefits are typically more likely to receive TIF assistance. This statement should include qualitative examples of public benefits as well as quantifiable and measurable outcomes of the short-term and long-term benefits to the City. Examples of public benefits include, but are not limited to the following:

- Creation of affordable housing
- Creation of new permanent jobs
- Creation of new retail choices, products or services
- Rehabilitation of a historic building
- Catalyst for new private investment
- Re-occupancy of a vacant building
- Elimination of blight
- Incorporation of environmentally-friendly features
- Increased sales tax revenue
- Increased property tax revenue
- Job-training opportunities

Appendix 3

This appendix contains examples of additional information which may be requested in order for the City to better understand the proposed project and the principals involved prior to final approval of TIF assistance. Although not initially required, if the applicant already has this information it should be submitted with the initial application. Any of this information that is initially submitted may improve and strengthen the application.

FINANCIAL INFORMATION

Pro Forma Income and Expense Schedule. See Appendix 4.

Applicants whose projects involve the rental of commercial, retail, industrial, or dwelling space can submit pro formas that identify income and expense projections on an annual basis for an eleven-year period. A hypothetical property reversion is to be assumed. Clearly identify all assumptions (such as absorption, vacancies, debt service, operational costs etc.) that serve as the basis for the pro formas. Two sets of pro formas are to be submitted. The first set should show the project without TIF assistance and the second set

with TIF assistance. For owner-occupied industrial and commercial projects, detailed financial information should be presented that supports need for financial assistance (see below).

Analysis of Financial Need

Each application can include financial analyses that demonstrate the need for TIF assistance. Two analyses should be submitted: one without TIF assistance and one with TIF assistance. The applicant should indicate the minimum return or profit the applicant needs to proceed with the project and rationale for this minimum return or profit. The analyses will necessarily differ according to the type of project that is being developed.

Rental Property – For projects involving the rental of space by the developer to tenants (tenants include offices, retail stores, industrial companies, and households), an internal rate of return on equity should be computed with and without TIF assistance based on the pro forma of income and expense prepared for the previous item. The reversion at the end of the ten-year holding period should be based on the capitalized 11th year net operating income. The reversionary value is then added to the 10th year cash flow before discounting to present value. State all assumptions to the analyses.

For-Sale Residential – Show profit as a percent of projects cost (minus developer fee and overhead and minus sales commissions and closing costs, which should be subtracted from gross sales revenue). Other measures of profitability may be submitted, such as profit as a percent of sales revenue.

Mixed Use Commercial / For-Sale Residential – Provide either separate analyses for each component of the project or include in the revenue sources for the for-sale portion, the sale value of the commercial component based on the net operating income of the commercial space at stabilization. Indicate how the sale value was derived.

Owner-Occupied Commercial – For projects, such as “big-box” retail projects, provide copies of the analyses that the company used to determine the amount of TIF assistance that would be needed to allow the company to meet or exceed the company’s minimum investment threshold(s) for proceeding with the project.

Competitive Projects – In instances where the City is competing with other jurisdictions for the project (e.g., corporate headquarters, new manufacturing plant), present detailed analyses that demonstrate the capital and operating cost differential between the proposed location(s) in the City and locations outside the City that are being seriously considered by the applicant.

TIF Performance Measures

Identify the performance outcomes of the requested TIF assistance. Actual performance will vary from project to project. Typical performance measures of TIF assistance include:

- TIF assistance as percentage of total project costs
- TIF assistance as percentage of increment generated by project
- Ratio of public (TIF) to private investment
- TIF assistance per FTE job created
- TIF assistance per FTE job retained

Increment Projections

Include projections of the incremental taxes that will be generated by this project for the remaining life of the TIF District. Clearly identify all assumptions considered in these projections. When the City reviews these projections, the following assumptions are typically considered. Provide a concise explanation if your assumptions differ.

- Base EAV as certified by Jersey County
- Full reassessment of project occurs at least 1 year after project completion (may differ for phased projects)
- Quadrennial tax reassessment increase of 6% (equivalent to a 1.5% annual increase after improvements; however, with justification a higher inflation rate may be assumed if a declining tax rate is used)
- Most recent tax rate and multiplier used for all future years
- 95% collection rate
- Net Present Value calculated at three reasonable discount rates

Financial Commitments

Submit commitment letters and/or terms sheets and/or terms sheets from all lenders for proposed debt (such as construction, permanent, and government financing) and all other financial sources of the project (such as grants, tax credits, private funds). Commitment letters must clearly specify the nature and terms of the obligations.

PROFESSIONAL STUDIES

Market Studies

Applications for commercial and residential projects may include a comprehensive market study. Market studies are not required for industrial projects. The market study should identify target markets, analysis of competition, demographics, market rents, letters of intent/interest from prospective tenants, or for housing developments, sale prices or rental rates of comparable properties.

Appraisal

All projects that involve the transfer of land may include a recent appraisal. Projects that include land as a form of equity or collateral may also submit a recent appraisal. The appraisal should value the property “as is”, and the impact on value should be considered for such items as demolition, environmental remediation, relocation of utilities, lease buy-outs, and other work necessary to make the site developable. The property should be valued assuming that the highest and best use is the proposed use.

All appraisals must be performed by a designated MAI or bank-approved appraiser. The initial appraisal may need to be updated or amended at the request of the City. Also, the City may obtain its own appraisal or review appraisal. Contact the City if there are questions or concerns about the approach to the appraisal.

Environmental Studies and Reports

Submit a copy of the Phase I environmental report/study performed on the property. If there is probable or potential contamination on the project site, then a Phase II report/study or evidence that the site has been, or is being enrolled in an IEPA “No Further Remediation Program” should be included.

Other Studies and Reports

Include as appropriate other reports in support of information that is presented in the application.

DEVELOPER/OWNER INFORMATION

Ownership Structure

Submit an organizational chart and narrative description of the ownership structure of the development and ownership entities, which includes information on individuals involved in each. The financial relationship of each entity should be clearly and accurately described. Where applicable, also identify the relationship between the developer/owner and the operating entity. Indicate the entities that will serve as construction manager and general contractor for the project.

Financial Statements

Provide year-end historical (prior 3 years) and interim financial statements of the applicant and the owning and/or operating entity, if different from the applicant. Financial Statements should include an accountant audited or compiled Balance Sheet, Income Statement, and Statement of Cash Flows.

Resumes and Experience of Principals

Submit resumes for each of the principals of the developer, owner, and operator. Also include a brief history that identifies the development entity’s experience and previous involvement in developing similar projects and the ownership or operating entity’s experience or ability in managing similar projects.

Appendix 4

HARD COST CATEGORIES - It is not necessary to provide a detailed cost breakdown, but the hard construction costs indicated in the pro forma below must include the items listed below, if applicable.

Sitework

Shoring & Underpinning
Erosion Control & Earth Retainage
Curbing
Paving
Drainage Control
Fencing
Accessories

Concrete

Concrete
Formwork
Reinforcement
Grout

Masonry

Masonry, Stone, Granite, Slate, Glass Block
Mortar/Grout
Reinforcing Accessories

Metals

Structural Framing
Metal Decking
Ladders & Rungs
Grates & Trench Covers
Stairs & Railings
Expansion Control

Wood

All lumber
Connections & Fasteners
Architectural Woodwork
Cabinetry
Hardware

Thermal & Moisture Protection

Water/Damp Proofing
Water Retardants, Repellents & Sealants
Roofing
Siding
Flashing

Finishes

Suspended Ceilings
Lath & Plaster/Gypsum Board
Flooring
Acoustical Treatment
Wall Finishes & Covers

Specialties

Toilet Partitions
Fireplaces & Stoves
Flagpoles
Signage
Lockers
Awnings
Movable Partitions
Toilet Accessories
Shelving

Appliances & Equipment

Window Washers
Kitchen Appliances
Audio/Visual
Laundry
Waste

Furnishings

Window Treatments
Furniture
Special Construction

Conveying Systems

Elevators
Lift
Pneumatic Tubes

Mechanical

Sprinkler System
Plumbing Fixtures
HVAC

Electrical

Conduit & Cabling & Lighting