



## CITY OF WASHINGTON, ILLINOIS City Council Agenda Communication

<b>Agenda Ref #</b> <u>K11-F</u>	First Reading: <u>11-2-20</u>
	Second Reading: _____
	<input type="checkbox"/> Passed <input type="checkbox"/> Failed

**Meeting Date:** November 2, 2020

**Prepared By:** Jon Oliphant, AICP, Planning & Development Director

**Agenda Item:** TIF Funding Request – Faire Coffee, 101 Washington Square

**Explanation:** Emily Hartter has submitted an application for TIF assistance to complete interior building improvements within the middle floor of the Denhart's building at 101 Washington Square. Ms. Hartter recently signed a lease to eventually open a coffee shop, Faire Coffee. She will also make and serve ice cream as part of the business. She currently has a brick-and-mortar location in Peoria and also operates as a mobile vendor at various locations in the area. She plans to open by Small Business Saturday on November 28.

The improvements would consist of the outfitting of the space to allow for the coffee shop. This includes the creation of a serving bar in the front room, painting of the interior ceiling, adding iron-work to add more focus to the entry archway, electrical upgrades to the back prep room and serving bar, and plumbing upgrades to the front and back rooms. Significant investments will be made in the coffee and ice cream equipment, though these items are typically not eligible for TIF funding.

The prior approved TIF redevelopment agreement at the Denhart's building was approved in 2017, though that assisted with interior and exterior renovations to the Blacksmith and Cornerstone Inn spaces. The application form and supporting materials for the current project are attached for your review and consideration. Brock Heider of Heider Properties, LLC, has consented to this work being completed by Ms. Hartter. The submitted TIF-eligible quotes for the interior build-out and plumbing and electrical portions of the project totals \$28,000. **Please note that this has been revised by Ms. Hartter since the Finance and Personnel Committee meeting on October 19 to include additional electrical and plumbing work and to exclude the installation of commercial sunshades from the TIF-eligible cost. The submittal at that time was \$25,500 and its recommendation was based on that total.**

**Fiscal Impact:** Staff recommends a 40% subsidy for this project to allow for the reuse of a space within a prominent building on the Square. It will provide funds to bring more people to the Square. Based on this level, a not-to-exceed amount of \$11,200 is recommended to be paid in a single installment. This would be reimbursed from the TIF Fund upon completion of the project and the submittal of the paid invoices. The project is anticipated to take about a month to complete. In order to allow for an opening by the most important time of year for a business, there was no objection by staff or the Finance and Personnel Committee to allow for the work to begin prior to the approval of a redevelopment agreement.

### **Recommendation/**

**Committee Discussion Summary:** Staff recommends approval of the above subsidy level for this project for a not-to-exceed amount of \$11,200. **The Finance and Personnel Committee unanimously recommended approval of this project at its meeting on October 19 for a not-to-exceed amount of \$10,200 prior to the submittal of the increased revised estimate from \$25,500 to \$28,000.** The previous \$25,500 total included \$3,500 for the installation of commercial sunshades, which would not be eligible for TIF funding and would reduce the overall total to \$22,000.

**Action Requested:** Approval of the attached ordinance and redevelopment agreement with Faire Coffee, LLC. A first reading ordinance is scheduled for the November 2 City Council meeting and a second reading will be scheduled for the November 16 meeting.

**Ordinance No.** \_\_\_\_\_

(Adoption of this ordinance would approve a TIF redevelopment agreement with Faire Coffee, LLC, for the redevelopment of 101 Washington Square).

**AN ORDINANCE AUTHORIZING THE MAYOR AND CITY CLERK TO ENTER INTO AN AGREEMENT FOR PRIVATE DEVELOPMENT WITH FAIRE COFFEE, LLC, FOR THE REDEVELOPMENT OF A PORTION OF THE DOWNTOWN TAX INCREMENT REDEVELOPMENT PROJECT AREA**

**BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF WASHINGTON, TAZEWELL COUNTY, ILLINOIS, as follows:**

**Section 1.** That the Agreement for Private Redevelopment between the City of Washington, Illinois, and Faire Coffee, LLC, for the redevelopment of a portion of the Downtown Tax Increment Redevelopment Project Area, a copy of which is attached hereto, marked "Exhibit A," and by reference expressly made a part hereof, be, and the same is hereby approved.

**Section 2.** That the Mayor and City Clerk of the City of Washington be, and hereby are, authorized, empowered, and directed to enter into and execute said Agreement on behalf of the City of Washington in substantially the form of the document attached hereto, marked "Exhibit A," and by reference expressly made a part hereof, and to make, execute, and deliver any and all documents necessary for the effectiveness thereof.

**Section 3.** That this Ordinance shall be in full force and effect from and after its passage, approval, and publication as provided by law.

**Section 4.** That all ordinances or parts thereof in conflict herewith are hereby expressly repealed.

**PASSED AND APPROVED** this \_\_\_\_\_ day of \_\_\_\_\_, 2020.

**AYES:** \_\_\_\_\_

**NAYS:** \_\_\_\_\_

\_\_\_\_\_  
Mayor

**ATTEST:**

\_\_\_\_\_  
City Clerk

**AGREEMENT FOR PRIVATE REDEVELOPMENT  
BETWEEN THE CITY OF WASHINGTON,  
TAZEWELL COUNTY, ILLINOIS, AND  
FAIRE COFFEE, LLC**

**THIS AGREEMENT** for Private Redevelopment made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2020, by and between the **CITY OF WASHINGTON, TAZEWELL COUNTY, ILLINOIS**, an Illinois home-rule municipal corporation (hereinafter referred to as the “City”), exercising its governmental powers pursuant to the 1970 Constitution of the State of Illinois, and **FAIRE COFFEE, LLC**, an Illinois limited liability company (hereinafter referred to as “Developer”):

**R E C I T A L S**

**WHEREAS**, the City is considering a program for the rehabilitation and renovation of a portion of the Downtown Tax Increment Redevelopment Project Area (hereinafter referred to as the “Project Area”) in the City, pursuant to the Illinois Tax Increment Allocation Redevelopment Act (65 ILCS 5/11-74.4-1 *et seq.*) (hereinafter referred to as the “Act”); and

**WHEREAS**, pursuant to the provisions of the Act, the City has adopted a Redevelopment Plan (hereinafter referred to as the “Plan”) pertaining to the redevelopment of the Project Area, a copy of said Plan is on file with the City Clerk; and

**WHEREAS**, the City, to achieve the objectives of the Plan and in accordance with the uses set forth therein, intends to assist the Developer in its redevelopment of the real estate more particularly described below, commonly known as 101 Washington Square, Washington, Illinois, (hereinafter referred to as the “Real Estate”) through the City assistance in the payment of certain redevelopment project costs of the Developer, in consideration of which Developer is willing to redevelop the Real Estate to establish a retail business; and

**WHEREAS**, the Real Estate is legally described as follows:

SEC 24 T26N R3W ORIGINAL TOWN LOT 6 EXC S 62’ OF NW ¼; all situated in the City of Washington, Tazewell County, Illinois.

PIN: 02-02-24-100-011

Commonly known as: 101 Washington Square, Washington, IL 61571.

**WHEREAS**, the Real Estate is owned by Heider Properties, LLC, an Illinois limited liability company (“Real Estate Owner”);

**WHEREAS**, the Real Estate Owner has authorized the Developer to use the Real Estate for the purpose operating a coffee shop;

**WHEREAS**, it is necessary to redevelop the Real Estate in order to arrest the economic and physical decline of the Project Area, and to promote a policy of stabilization in the Project Area; and

**WHEREAS**, the City believes the redevelopment of the Real Estate pursuant to the Plan is in the vital and best interests of the City and the health, safety, and welfare of its residents, and in accordance with the public purposes and provisions of the applicable federal, state, and local laws:

**NOW, THEREFORE**, in consideration of the premises and the mutual obligations and covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which is hereby expressly acknowledged, the parties hereto covenant, consent, and agree as follows:

## **SECTION I DEVELOPER'S COVENANTS**

**A.     Redevelopment Project.** The Developer, its successors or assigns, agrees on behalf of itself, its successors or assigns, to redevelop the Real Estate described above, located at 101-103 N. Main Street, Washington, Illinois. Developer will make renovations to the interior of the structure for use as retail space, pursuant to the plans and specifications attached hereto as Exhibit A and by reference expressly made a part hereof ("Remodel Specifications").

**B.     Interior Renovation.** The Developer agrees it will renovate the interior of the structure located on the Real Estate so as to allow for the use of the structure as a retail business, in accordance with the Remodel Specifications. In that connection the Developer shall:

- (1)    Interior:
  - (a)     Construct a prep and serving bar in the front room;
  - (b)     Paint the ceiling and walls;
  - (c)     Upgrade electrical in the prep room and serving bar; and
  - (d)     Upgrade plumbing in the prep room and front room.

The estimated total cost of the above-listed items for the interior renovation is Twenty-Eight Thousand Dollars (\$28,000.00) and all such items shall be considered fixtures to the Real Estate that are not to be removed from the Real Estate by the Developer. Developer will comply with any and all nationally accepted standards for rehabilitation in the renovation and remodeling of the structure.

**C.     Commencement of Redevelopment.** Developer shall commence the redevelopment of the Real Estate on or after November 17, 2020.

**D.     Completion of Redevelopment.** Developer shall complete the redevelopment of the Real Estate on or before January 31, 2021.

**E. Payment of Taxes.** In order to assure the property flow of tax revenues anticipated pursuant to the Plan and this Agreement, the Developer, its successors and assigns, covenants as follows:

- (1) It will promptly and timely pay all applicable taxes when due.
- (2) In the event that all applicable taxes are not paid by Developer within thirty (30) days from the date said taxes are due and owing during the period of time the City has an obligation to grant any incentives hereunder, including, but not limited to, payment of a portion of Developer's relocation costs, the City may make payment of the taxes due and owing on the property. The amount so advanced by the City shall be immediately due and owing from the Developer to the City and shall bear interest from the date of payment at the rate of twelve percent (12%) per annum compounded quarterly until paid in full. The City shall have a lien against all of the Redeveloper's property for all amounts paid together with interest and all expenses incurred in the recovery of said amounts, including, but not limited to, attorney's fees incurred in collecting said amounts. The City may bring such actions as may be deemed appropriate to enforce payment and/or enforce the lien hereinabove granted against the property.
- (3) Developer, its successors and assigns, shall provide the City with copies of all sales tax reporting and remitting forms that Developer, its successors and assigns, shall submit or forward to the Illinois Department of Revenue.

**F. Commencement of Operations.** Developer agrees for itself, its successors and assigns, that it will use the space as a retail business. Developer will use its best efforts to ensure the building is occupied by a going concern during such time or periods of time as the City is obligated hereunder to render any redevelopment assistance or to pay any redevelopment project costs, as same are defined pursuant to the Act.

**G. Exemption from Tax.** Developer covenants for itself, its successors and assigns, and for all successors and lessees to the property, that it shall not apply for, seek or authorize any exemption from the imposition of real estate taxes on said property without first obtaining the prior written approval of the City. Nothing herein contained shall be construed so as to prevent the Developer from contesting the assessment or collection of any taxes under statutory procedure set forth in the Illinois Revised Statutes; provided, however, that Developer shall give the City at least fifteen (15) days prior written notice of its intent to contest the assessment or collection of real estate taxes.

**H. Indemnification of City.** The Developer agrees for itself, its successors and assigns, to indemnify and save the City and its officers and employees, free, harmless, and indemnified from and against any and all claims by or on behalf of any person, firm, corporation, or other entity, whether private, public or governmental, arising (a) from the conduct or management of, or from any work or thing done on, the relocation to the new location; (b) any breach or default on the part of the Developer or its successors or assigns in the performance of any of its obligations under this Agreement; (c) any act of negligence of Developer or any of its agents, contractors, servants, employees, or licensees; (d) any act of negligence of any assignee, lessee or sub-lessee of the Developer, or any agents, contractors, servants, employees, or licensees of any assignee, lessee, or sub-lessee of the Developer; (e) any violation by the Developer or any other person of state, federal, or local laws, rules, and regulations; (f) any performance by the City of any act required hereunder or requested by the Developer or its

successors and assigns other than willful misconduct by the City. The Developer agrees to indemnify and save the City free, harmless, and indemnified from and against any and all costs and expenses incurred in or in connection with any such claim arising as aforesaid or in connection with any action or proceeding brought thereon.

**I. Equal Opportunity.** The Developer agrees for itself, its successors and assigns, that Developer and such successors and assigns shall not discriminate in violation of any applicable federal, state, or local laws or regulations upon the basis of race, color, religion, sex, age, or national origin or other applicable factors in the sale, lease, rental, operation, or management, or in the use or occupancy of the property or any part thereof.

**J. Payment of Prevailing Wages.** Developer shall pay the prevailing rate of wages in the locality for each craft or type of worker or mechanic needed to remodel and renovate the existing building, also the general prevailing rate for legal holiday and overtime work, as ascertained by the Illinois Department of Labor's current prevailing wage rates for Tazewell County, Illinois, upon the effective date of this agreement.

**K. Breach of Agreement.** Should Developer, its successors or assigns, fail to comply with or satisfy any of the terms and conditions of this Agreement, at any time or times during the term of this Agreement, or during any period or periods of time during which the City has an obligation hereunder to render or provide Developer any redevelopment assistance or to pay any redevelopment project costs as same are defined pursuant to the Act, Developer agrees for itself, its successors and assigns, that it will immediately pay to the City any and all sums previously expended by the City in connection with or arising out of the City's obligations hereunder to pay certain redevelopment project costs, together with all costs of collection of same, including but not limited to the City's reasonable attorney's fees, court costs and costs of collection whether incurred for preparation, negotiation, trial, appellate or otherwise.

## **SECTION II CITY'S OBLIGATIONS**

**A. Qualified Redevelopment Project Costs.**

(1) If Developer shall perform the agreements herein contained and certifies an actual cost incurred that equals or exceeds the estimated cost contained herein, the City shall pay directly from the Special Tax Allocation Fund for the Project Area (hereinafter referred to as the "General Account") a sum not to exceed the amount of Eleven Thousand Two Hundred Dollars (\$11,200.00), more particularly limited and set forth on Exhibit B, a copy of which is attached hereto and by reference expressly made a part hereof.

(2) The City shall pay the above-stated costs in one (1) lump sum payment within sixty (60) days after final completion of the renovation and remodeling of the structure on the Real Estate, and the continued occupancy of the structure by the Developer or a tenant.

(3) The City's obligation to pay any of the above-stated costs shall not arise until and unless the following shall first occur:

(a) Sufficient funds are available and on deposit in the Special Tax Allocation Fund for the Project Area.

(b) If, in any given year, there are not sufficient funds in the Special Tax Allocation Fund for the Project Area to pay all of the above-stated amounts, any shortfall shall be an obligation that is carried over from year to year until sufficient funds generated by the Project Area become available in the Special Tax Allocation Fund.

**B. Miscellaneous.** The City, without expense to the Developer except as set forth herein, shall, in accordance with the TIF Plan, provide or secure or cause to be provided or secured the following: It is contemplated by the parties hereto, that all matters of rezoning, including amending the Comprehensive Plan, if necessary, in order to conform the zoning of the Project Site to the uses intended by this Agreement, be accomplished prior to the construction of the Project by the Developer. Therefore, Developer shall cooperate with the City in providing such information as necessary for and to the appropriate bodies to consider such rezoning, variations and amendments. At the present time, the property is zoned C-2, which the parties contemplate as being adequate for Developer's purposes.

### **SECTION III GENERAL PROVISIONS**

**A. Choice of Law.** This Agreement shall be construed under and pursuant to the laws of the State of Illinois.

**B. Execution of Counterparts.** If this Agreement is executed in two or more counterparts, each shall constitute one and the same instrument and shall be recognized as an original instrument.

**C. Reference to Headings.** Unless otherwise specified, references to sections and other subdivisions of this Agreement are to the designated sections and other subdivisions of this Agreement as originally executed.

**D. Entirety of Agreement.** This Agreement is the entire agreement between the parties hereto, and any other agreements, whether written or oral, entered into by the parties prior to the date hereof shall be deemed to be null and void and have merged into this Agreement by virtue of the execution hereof.

**E. Force Majeure.** Any delay or failure of any party in the performance of its required obligations hereunder shall be excused if and to the extent caused by acts of God, strikes, lockouts, action of regulatory agencies, fire, flood, windstorm, adverse weather conditions, accidents, explosion, riot, war, sabotage, court injunction or order, loss of permits, failure to obtain permits, and cause or causes beyond the reasonable control of the party affected provided that a prompt notice of such delay is given by such party to the other parties and each of the parties hereto shall be diligent in attempting to remove such cause or causes.

**F. Attorneys' Fees.** In the event any action or legal proceeding is commenced to enforce any provision in connection with this Agreement, the prevailing party shall be entitled to recover as part of such action or proceedings, or in a separate action brought for that purpose, reasonable attorneys' fees and court costs as may be fixed by the court.

**G. No Other Legal Relationship Created.** Nothing contained in this Agreement shall be deemed or construed as creating a relationship of principal and agent, or of partnership or of joint venture between the parties hereto.

**IN WITNESS WHEREOF,** the parties hereto have executed this Agreement and caused their respective seals to be affixed and attested thereto as of the date and year first above written.

**CITY OF WASHINGTON  
TAZEWELL COUNTY, ILLINOIS**

**FAIRE COFFEE, LLC**

By \_\_\_\_\_  
Mayor

\_\_\_\_\_  
Emily Hartter, Manager

ATTEST:

\_\_\_\_\_  
City Clerk

**CITY**

**DEVELOPER**

**HEIDER PROPERTIES, LLC**

By: \_\_\_\_\_  
Brock Heider

By: \_\_\_\_\_  
Elizabeth Heider



Faire Coffee  
Proposed TIF renovation project  
101 Washington Sq.

10/26/2020

<b>ELIGIBLE EXPENSES</b>	<b>ESTIMATE</b>	<b>BASE SUBSIDY %</b>	<b>BASE SUBSIDY AMT.</b>	<b>HISTORIC REHAB./SCOPE BONUS %</b>	<b>HISTORIC REHAB./SCOPE BONUS AMT.</b>	<b>TOTAL SUBSIDY %</b>	<b>TOTAL SUBSIDY AMT.</b>	
<u>Exterior Work</u>								
<b>SUBTOTAL</b>		20%						
<u>Interior Work</u>								
Serving bar/painting/archway iron-work	\$ 13,500.00	20%	\$ 2,700.00	20%	\$ 2,700.00	40%	\$ 5,400.00	
Electrical upgrades	\$ 7,500.00	20%	\$ 1,500.00	20%	\$ 1,500.00	40%	\$ 3,000.00	
Plumbing upgrades	\$ 7,000.00	20%	\$ 1,400.00	20%	\$ 1,400.00	40%	\$ 2,800.00	
<b>SUBTOTAL</b>	<b>\$ 28,000.00</b>	20%	<b>\$ 5,600.00</b>	20%	<b>\$ 5,600.00</b>	40%	<b>\$ 11,200.00</b>	
<b>TOTALS</b>	<b>\$ 28,000.00</b>	20%	<b>\$ 5,600.00</b>	20%	<b>\$5,600.00</b>	40%	<b>\$ 11,200.00</b>	<b>(NOT TO EXCEED)</b>

**PROPOSED REIMBURSEMENT SCHEDULE**

Duration: 1 payment

Year 1 \$11,200.00

**EXHIBIT B**

Faire Coffee (Washington Square)			\$88,500
Interior	Interior Build-Out Package	\$13,500	\$17,000
	Build Prep & Serving Bar in front room		\$6,500
	Paint interior ceiling & walls light, uplifting color		\$5,000
	make archway a focal point upon entry, add iron-work		\$2,000
	commercial sun-shades for windows		\$3,500
Electrical	Electrical Equipment Package		\$7,500
	add electrical circuits as needed to back prep room as well as the front serving bar		\$3,000
	add 3 phase to single phase converter for ice cream production equipment		\$3,750
	Update light fixtures (back prep room & vault room)		\$750
Plumbing	Plumbing Equipment Package		\$7,000
	run water lines to coffee equipment in front room		\$750
	run water lines to ice cream equipment in back room		\$500
	add 3-bay sink in vault		\$500
	install hand-washing sink in back prep room		\$500
	install 3-compartment sink in back prep room		\$750
	install mop/dump sink		\$500
	add & tie into waste lines		\$2,000
	Possible ejector pump ?		\$1,500
Coffee	Coffee/Food Equipment Package		\$19,500
	(1) Espresso Machine w/ wood panels (Lucca A53 mini-dual boiler)		\$3,000
	(1) Espresso Grinder w/ tall hopper (Eureka Zenith ZT65E)		\$950
	(1) Beverage Steamer		\$2,300
	(1) Coffee Brewer w/ stainless steel funnel (Bunn CWTF15 APS)		\$650
	(1) Coffee Grinder (Bunn 22100.0000 G3 HD)		\$850
	(1) Blender (Blendtec Professional 800) w/ (2) extra jars		\$1,000
	(1) Juice press (Garde MCJ-1 Manual Commercial Citrus Juicer)		\$100
	(1) Fridge; undercounter (Summit 24")		\$950
	(1) Freezer; undercounter (Summit)		\$1,400
	(1) Food Display (Refrigerated)		\$3,300
	(1) Ice cream display freezer		\$1,500
	(2) Rinsers		\$1,000
	(1) Ice box in counter		\$1,000
	(1) Sandwich Prep Table (Refrigerated)		\$1,000
	Panini Grills		\$500
Prep Room	Prep Room & Ice Cream Production Equipment Package		\$35,000
	(1) Commercial Ice Cream Batch Freezer with Pasturizer	Bravo Trittico Mechanic 30	\$24,000
	(2) Large Refrigerators	Avantco 54"	\$4,000
	(1) Large Upright Freezer	Avantco 29"	\$1,700
	(1) Large Upright Blast Freezer		\$3,300
	(1) Oven		\$1,400
	(3) Stainless Prep Tables		\$600
Point of Sale	Point of Sale Package		\$2,500
	(1) Customer Facing Display		\$1,800
	(1) iPad		\$700

**CITY OF WASHINGTON, ILLINOIS**  
**APPLICATION FOR TAX INCREMENT FINANCING (TIF) ASSISTANCE**  
**PRIVATE REDEVELOPMENT INCENTIVE**

Complete this form in its entirety and attach all necessary documents. Submit the completed application to the Planning & Development Department at 301 Walnut Street, Washington, IL 61571. If you have any questions, contact Jon Oliphant, Planning & Development Director at 444-1135 or by email at joliphant@ci.washington.il.us.

Applicant name: EMILY H. (please print or type)

Mailing address: WASHINGTON Daytime Phone: 309-

Email Address: emily@fairecoffee.com I would like to receive correspondence by: ☐ Mail ☒ Email

1. Applicant interest in property (check one): ☐ Owner/Mortgagor ☐ Purchaser ☒ Tenant  
☐ Third-Party (name) FAIRE COFFEE

2. Property owner name: \_\_\_\_\_

3. Business name(s): \_\_\_\_\_

4. Project address or location: 101 WASHINGTON SQUARE

5. Property tax ID number(s): \_\_\_\_\_

6. Current use of property: VACANT

7. Proposed use of property: COFFEE SHOP & SPECIALTY COFFEE ICE CREAM PRODUCTION

8. Choose the applicable project (check all that apply): ☐ New construction ☒ Interior renovation  
☐ Exterior renovation/restoration ☐ Relocation ☐ Site improvement ☐ Other

9. Describe the nature of work proposed for the property: renovate front room into a coffee shop which will require adding bar area and all necessary electrical & plumbing. Back room will become prep area & space for specialty coffee ice cream production.

10. Estimated total project cost: \$ 81,000

11. Attach the following documentation to support the project and to complete the application for TIF assistance:

- ☒ Preliminary, itemized cost estimates or quotes from a contractor or design professional;
- ☒ Scaled plans, renderings, and/or photos, as applicable, clearly illustrating the proposed improvements; and
- ☒ A copy of the Warranty Deed, including a legal description and owner name for the property.

12. Sign and date below to complete the application.

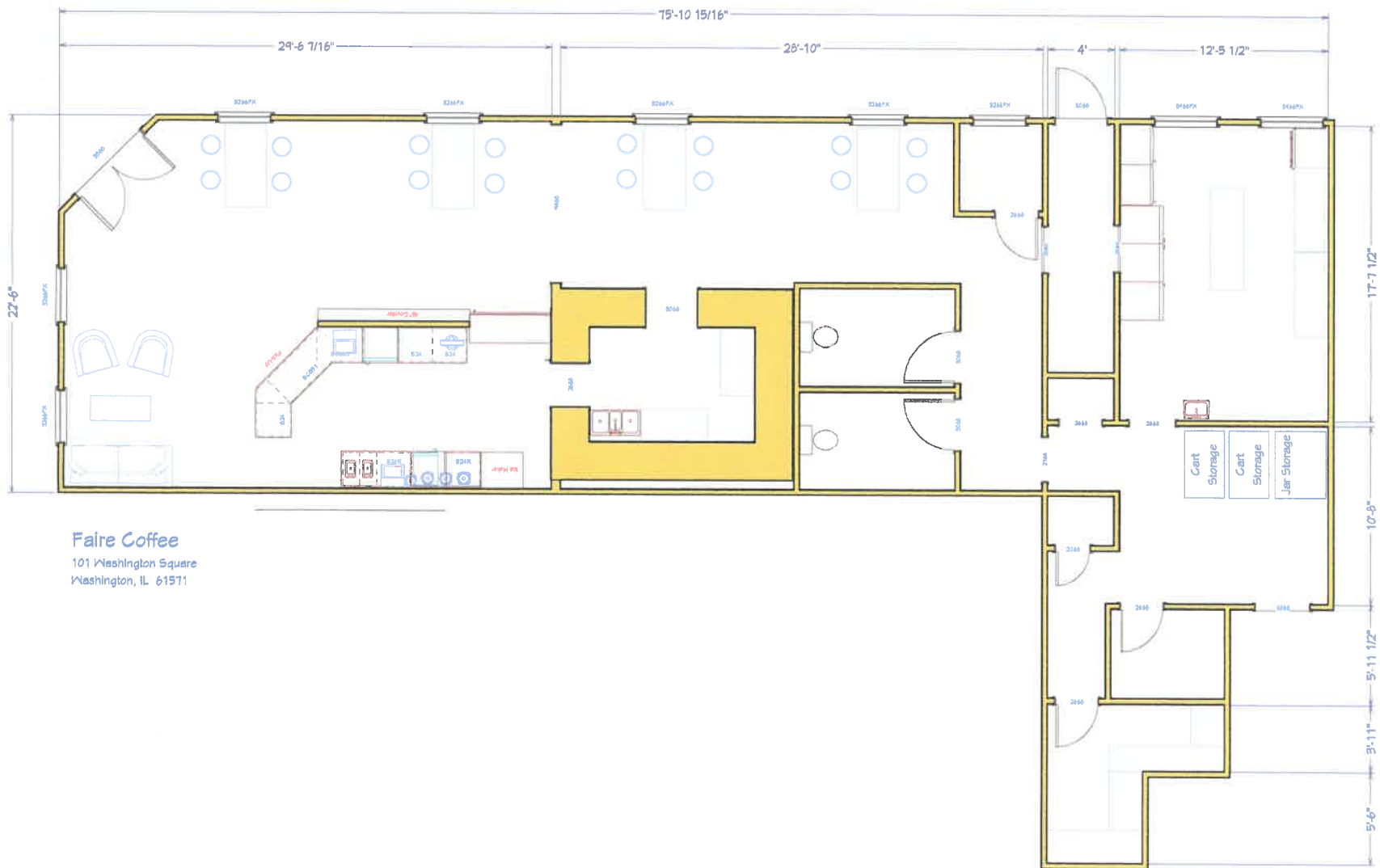
Emily H.  
Applicant signature

10/15/20  
Date

[Signature]  
Property owner signature (if different from applicant)

\_\_\_\_\_  
Date

**IMPORTANT:** If the Finance Committee votes on a level of assistance, it will be included in a contract agreement between the City and applicant. NO WORK SHALL BEGIN UNTIL THE CONTRACT DOCUMENTS ARE APPROVED BY THE CITY COUNCIL. Any work that begins prior to contract approval shall be ineligible for TIF assistance.



Faire Coffee  
101 Washington Square  
Washington, IL 61571