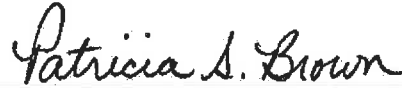


## **NOTICE OF SPECIAL COMMITTEE OF THE WHOLE MEETING**

**NOTICE IS HEREBY GIVEN** that the Committee of the Whole of the City of Washington will meet in special session on Tuesday, January 3, 2017 at 6:00 p.m. in the Library Meeting Room at Five Points Washington, 360 N. Wilmor Road, for the purposes stated below.

Dated this twenty-eighth day of December, 2016



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Patricia S. Brown, City Clerk

**CITY OF WASHINGTON  
SPECIAL COMMITTEE OF THE WHOLE MEETING  
TUESDAY, JANUARY 3, 2017 – 6:00 P.M.**

**LIBRARY MEETING ROOM  
380 N. WILMOR ROAD  
WASHINGTON, ILLINOIS**

### **AGENDA**

- 1. ALDERMAN WISHING TO BE HEARD ON A NON-AGENDA ITEM**
- 2. CITIZENS WISHING TO BE HEARD ON A NON-AGENDA ITEM**
- 3. BUSINESS ITEM – TIF Funding Request – Denhart's, 101-103 Washington Square**
- 4. ADJOURNMENT**

# CITY OF WASHINGTON

## PLANNING & DEVELOPMENT DEPARTMENT

301 Walnut St. · Washington, IL 61571

Ph. 309-444-1135 · Fax 309-444-9779

<http://www.washington-illinois.org>

[joiliphant@ci.washington.il.us](mailto:joiliphant@ci.washington.il.us)

### MEMORANDUM

TO: Mayor Manier and Committee of the Whole  
FROM: Jon R. Oliphant, AICP, Planning & Development Director  
SUBJECT: TIF funding request – Denhart's, 101-103 Washington Square  
DATE: December 20, 2016

We have received an application from Scott Gregg to complete interior and exterior renovations to the Denhart's Baking Company & Restaurant and C-Note spaces. While the building is currently owned by Tom and Judy Gross, Mr. Gregg and his wife, Diane, are looking at purchasing the property with a closing scheduled for late January. Attached are materials showing the existing and revised basement and first floor plans along with photos of the existing entrances and examples of interior finishes from two area restaurants/pubs that this work will resemble.

The interior improvements include adding a wine cellar within the original bank vault, a larger bar, hostess greeting stations, new flooring, and redesigned seating areas downstairs and adding new seating, hostess greeting stations, and an internal customer access staircase to the main floor. It would make more efficient use of both floors and try to make the C-Note area more inviting. The exterior improvements would include a redesign of the current emergency exit on the N. Main side and would convert it to a public entrance. Finally, a seasonal patio is planned for the area on the northwest side of the lot that currently contains parking spaces near the B&B entrance.

The overall goals of this project include enhancing the architectural beauty of a building that is on the National Register of Historic Places and to allow for the businesses to be more profitable. The prospective owners feel that these renovations, along with a substantial investment in marketing, would greatly enhance their ability to draw more customers to both the restaurant and pub. They would look to rebrand it as Denhart Inn & Pub. Mr. Gregg has indicated that construction would tentatively be completed by April 2017.

Mr. Gregg and his architect, Lisa Scott of ArchDesign Ltd., have submitted an estimate for this project that totals \$385,000. Each of the items identified above qualifies for the 20% base TIF assistance. Additionally, much of this project would be done in accordance with maintaining the historic integrity of the building, qualifying for an additional 20% subsidy. Based on this work, a typical subsidy not-to-exceed amount of \$115,800 would apply. Ordinarily, this would be paid out in equal installments upon the completion of the project. However, because of the current debt in the Denhart's businesses, Mr. Gregg has asked about the feasibility of receiving the entire \$385,000 renovation cost as a subsidy and paying it in advance of the start of the project. If the committee was interested in this proposal, staff would recommend that there be a clause in the redevelopment agreement that requires that the work be completed within a set timeframe or else the applicant would default on the subsidy payment.

The Finance Committee discussed this project at its meeting on December 19 and recommended that **TIF would cover the estimated cost of the improvements with half of the cost paid initially (\$192,500) and the remainder paid upon the completion of the project.** The committee asked that this be brought before the Committee of the Whole at a special meeting on January 3, 2017, for further discussion in order to get a recommendation and not delay the anticipated closing and start of construction shortly thereafter.

**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](mailto:joliphant@ci.washington.il.us).

Applicant name: SCOTT K. GREGG (please print or type)  
Mailing address: 1300 WESTGATE RD, WASHINGTON, IL Fax: \_\_\_\_\_  
Daytime Phone: (309) 533-5504 Email Address: SCOTT K GREGG @ GMAIL . COM  
I would like to receive correspondence by: \_\_\_\_\_ Mail ☒ Email

1. Applicant interest in property (check one): ☐ Owner/Mortgagor ☒ Purchaser ☐ Tenant
2. Property owner name: TOM GROSS AND JUDY GROSS
3. Business name(s): CORNERSTONE OF WASHINGTON
4. Project address or location: 101-103 WASHINGTON SQUARE, WASHINGTON, IL
5. Property tax ID number(s): \_\_\_\_\_
6. Current use of property: RESTAURANT AND INN WITH TWO SHOP LEASES
7. Proposed use of property: REMAINS THE SAME
8. Choose the applicable project (check all that apply):  
☐ Exterior renovation/restoration ☐ Relocation ☐ New construction ☒ Interior renovation  
☐ Site improvement ☐ Other
9. Describe the nature of work proposed for the property: THE PROPOSED WORK CONSISTS OF INTERIOR RESTRUCTURING FOR IMPROVED FACILITY UTILIZATION TO HELP SECURE THE BUSINESS CONTINUATION. THIS ALSO INCLUDES IMPROVING SAFETY. THIS IS ACCOMPLISHED BY IMPROVING THREE ENTRANCES, ADD A STAIRWAY TO SEPERATE CUSTOMER/SERVICE TRAFFIC
10. Estimated total project cost: \$ 385,000
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.

Scott K. Gregg  
Applicant signature

12/16/2016  
Date

**IMPORTANT:** If the Finance Committee votes on a level of assistance it will be included in a contract agreement between the City and redeveloper. 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.

**FOR OFFICE USE ONLY**

Committee action & form of assistance: \_\_\_\_\_ Date of Finance Committee review: \_\_\_\_\_

Comments: \_\_\_\_\_

City Council review and action by ordinance: \_\_\_\_\_ Date of First reading: \_\_\_\_\_ Date of Second reading: \_\_\_\_\_

S:\P&D dept\applications\TIF app.doc

# ArchDesign Ltd.

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7555 N Knoxville Ave. Peoria, IL 61614 Office 309.689.7355

Denhart Inn and Pub  
101 Washington Square  
Washington, IL 61571

December 15, 2016

## PROJECT SUMMARY

<b>Demolition, Rough-In Materials and Labor</b>	.....	<b>\$91,000.00</b>
<b>Excavation &amp; Concrete Work</b>	.....	<b>\$22,000.00</b>
<b>Windows and Exterior Doors</b>	.....	<b>\$48,000.00</b>
<b>Mechanicals</b>	.....	<b>\$42,000.00</b>
<b>Interior Finishes</b>	.....	<b>\$30,000.00</b>
<b>Millwork and Labor</b>	.....	<b>\$15,000.00</b>
<b>Custom Millwork</b>	.....	<b>\$56,000.00</b>
<b>Flooring</b>	.....	<b>\$23,000.00</b>
<b>Exterior Allowance</b>	.....	<b>\$24,500.00</b>
<b>General</b>	.....	<b>\$33,500.00</b>
<b>Project Summary Total</b>	.....	<b>\$385,000.00</b>



# Denharts TIF Project Overview

McGreggor Group, LLC

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December 15, 2018

Recipient shall limit disclosure of Confidential Information within its own organization to its directors, officers, partners, members and/or employees having a need to know and shall not disclose confidential information to any third party (whether an individual, corporation, or other entity) without prior written consent of discloser. Recipient shall have satisfied its obligations under this paragraph if it takes affirmative measures to ensure compliance with these confidentiality obligations by its employees, agents, consultants and others who are permitted access to or use of the confidential information.

# McGreggor Group, LLC

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## Agenda Structure

Introductions

Project Description & Objectives

Architectural Design Review

Project Timing

Benefits to Washington

Next Steps

## McGreggor Group, LLC

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### Meeting Goals & Objectives

#### McGreggor Group, LLC

- Project Overview
- Provide Required Inputs
- Provide Status on Purchase

#### City of Washington

- Provide Feedback
- Provide Initial Approval to Proceed and Guidance for Final Approval
- Chart Timing of Next Steps
- Draft Letter of Intent (LOI)



# McGreggor Group, LLC

## Introductions

McGreggor Group, LLC consists of two members, Scott K. Gregg and Diane Gregg, organized under a limited liability corporation. A series LLC has been formed to separate the different business operations in order to retain and limit liability within each business segment. McGregor Group, LLC is located in Washington, Illinois and created for the sole purpose of purchasing and operating the Cornerstone Inn (Denharts).

The existing Cornerstone Inn at 109, 101, 105 Washington Square, Washington, Illinois consists of seven rooms and suites, one luxury apartment, two retail spaces, and two restaurant locations with a combined seating capacity exceeding 152 people. The combined square footage is approximately 14,000 sq. ft.

The ornate structure was built in 1874 and was a meeting spot for pre-presidential candidate Abraham Lincoln.



# McGreggor Group, LLC

## Project Description & Objectives

The purpose of this project is to use the City of Washington TIF funds to perform the necessary upgrades on interior improvements allowing Denharts to successfully remain in business, continue to serve as a historic attraction for local merchants and continue with local employment offerings. TIF funds are requested to be based on the purchase price in order to offset the initial investment and short term operational losses of Denharts current business environment. Future upgrades and operational improvements will secure the preservation of this nationally registered historic landmark.



**Bed & Breakfast  
Cornerstone Inn**

- Denhart Baking Co. & Restaurant
- Cornerstone Inn
- C-Note Pub
- 2 Leased Spaces



**Combine  
Segments**

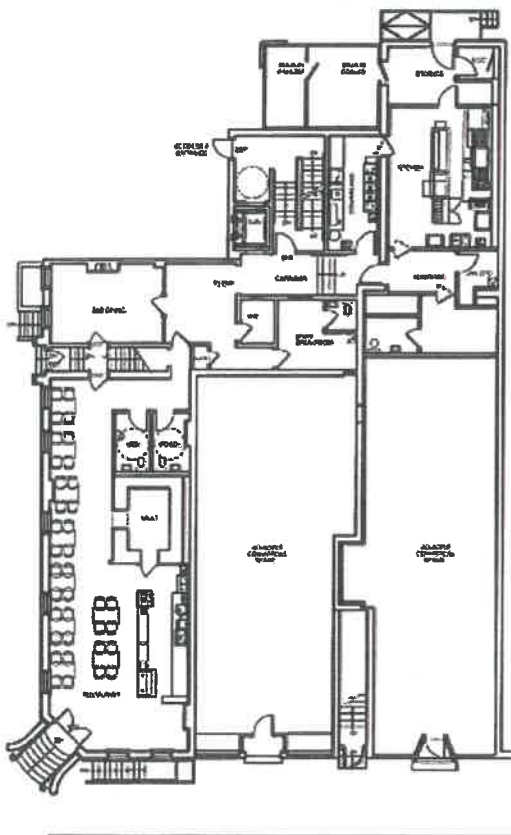


**Denharts  
Inn & Pub**

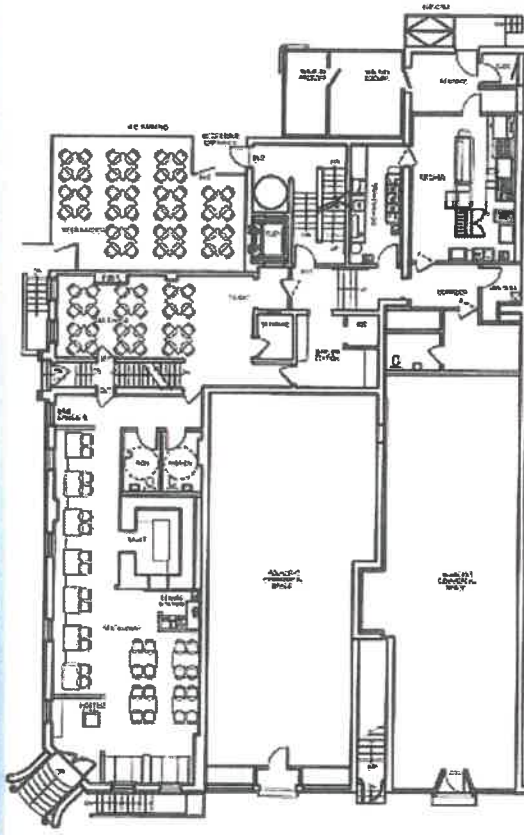
- **Restaurant Interior Upgrades**
- **Wine Cellar Addition**
- **Larger Bar To Service Both Restaurant Floors**
- **Add Inn & Suite Amenities**
- **Utilize All Three Lease Spaces**

# McGreggor Group, LLC

## Architectural Design Review



EXISTING FIRST FLOOR PLAN



REVISED FIRST FLOOR PLAN



### Summary:

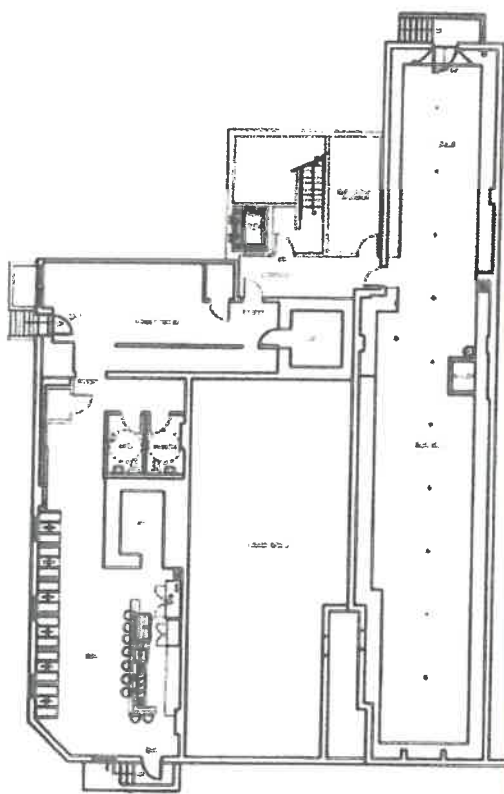
- Add 40 seat outside seasonal patio venue.
- Increase internal seating from 52 to 72.
- Add hostess greeting stations for each access point on both the north and west sides of the building.
- Improve ease of entry on the west side of the building.
- Add internal customer access staircase to lower level.
- Transition rear stairway for employee access only to increase safety and velocity of service staff.

# McGreggor Group, LLC

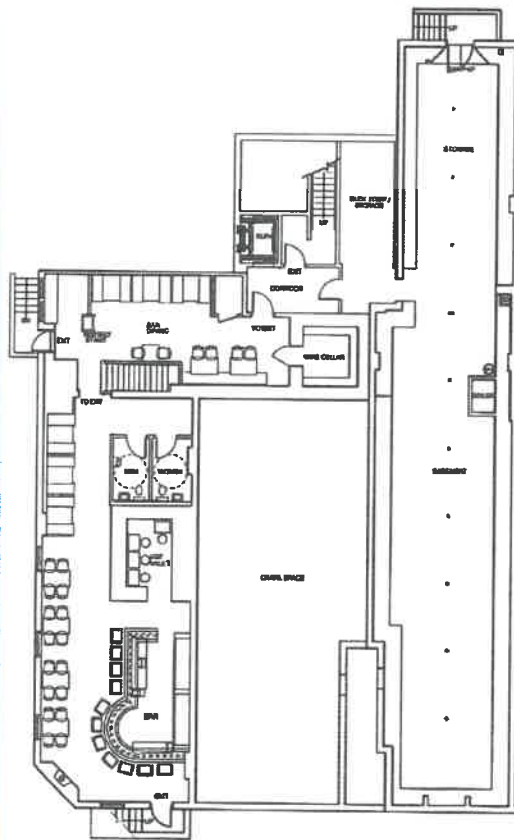
## Architectural Design Review

### Summary:

- Add customer wine cellar located within original bank vault.
- Increase internal bar seating from 7 to 11.
- Add hostess greeting stations for west access point to utilize new city parking lot and open up parking on the square.
- Improve ease of entry on the west side of the building.
- Add internal customer access staircase to integrate upper and lower levels.
- Utilize internal vault next to bar for added video gaming revenue.
- Transition rear stairway for employee access to service outside seasonal patio customers.



EXISTING BASEMENT PLAN



REVISED BASEMENT PLAN





# McGreggor Group, LLC

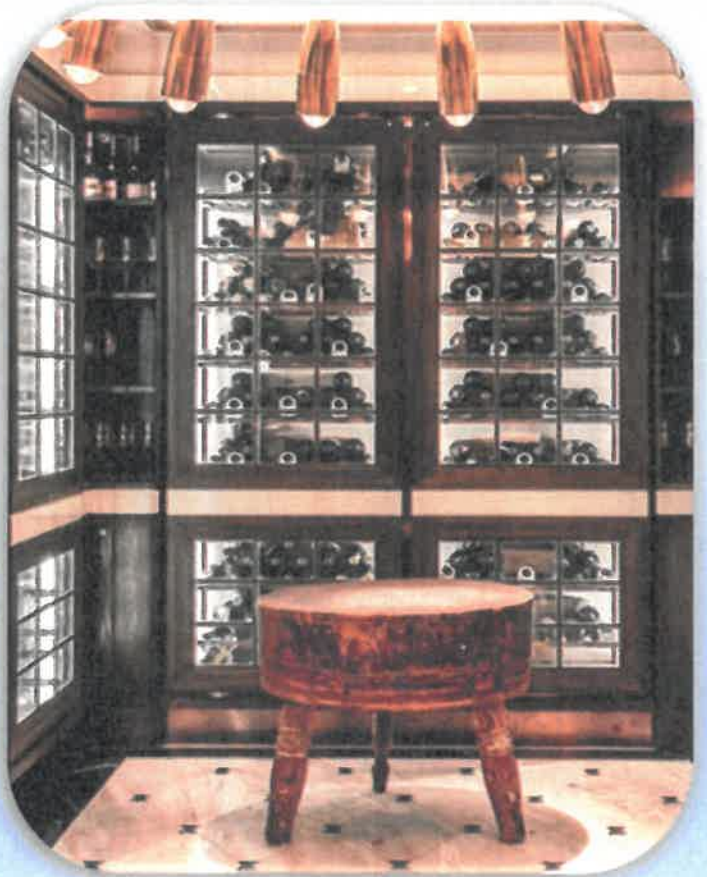
## Visual Examples



Circle Bar



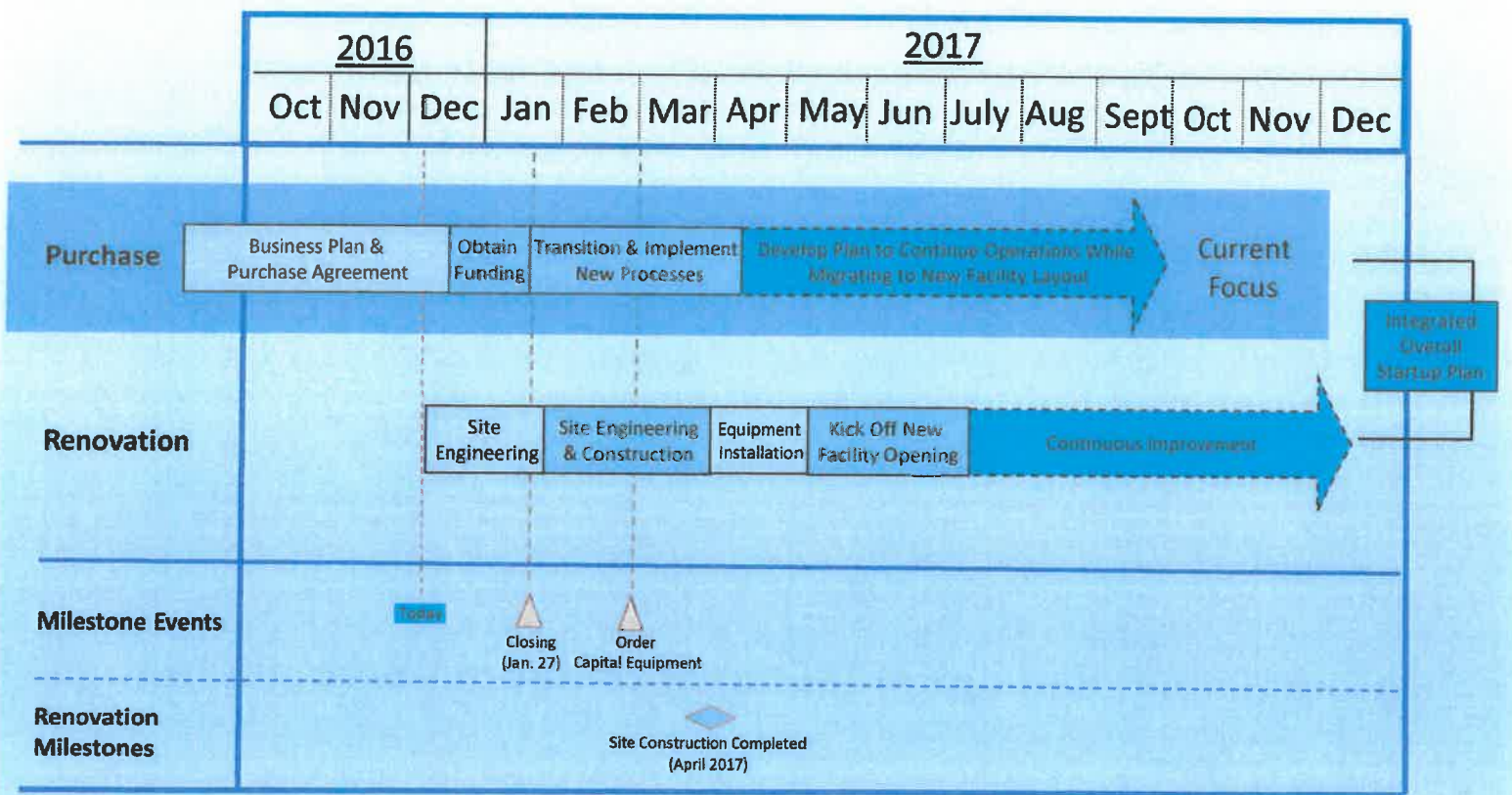
Split Booth Seating



Wine Cellar

# McGreggor Group, LLC

## Project Timing



## Benefits to the City of Washington

- 1) Advance a more appealing and unique atmosphere in Washington.
- 2) Enhance side entry points utilizing the new city lot, opening up parking on the square.
- 3) Draw more customers with improved facility to increase foot traffic.
- 4) Target menu items and pricing to grow, not compete, with current Washington restaurant customers.
- 5) Retain local employment.
- 6) Increase tax dollars.
- 7) Grow surrounding business eliminating the possibility of converting the historic building to low income apartment units and/or inexpensive lease space.

## McGreggor Group, LLC

### Next Steps

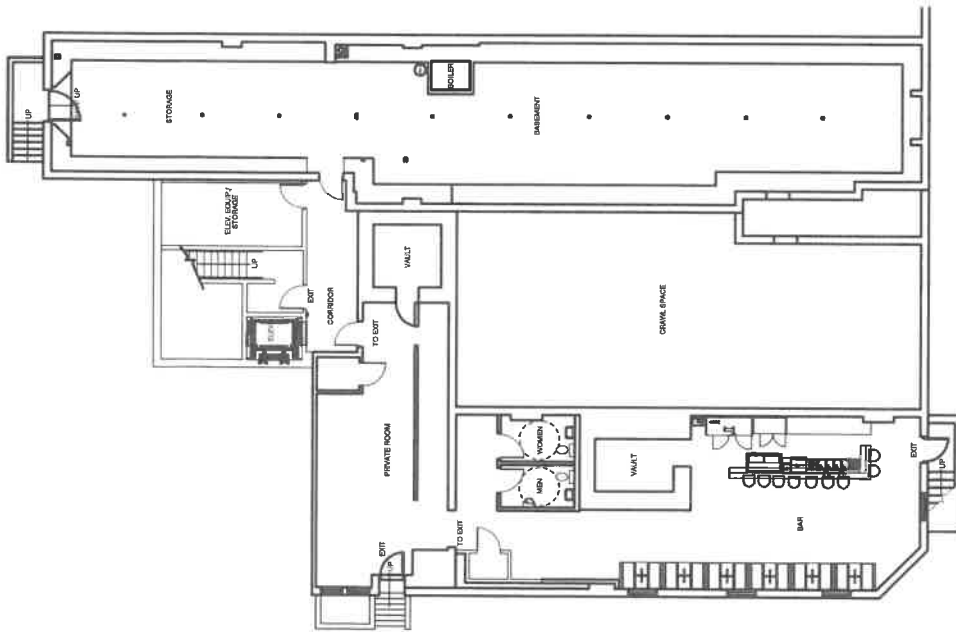
#### McGreggor Group, LLC

- Project Overview/Briefing ✓
- Provide Required Inputs ✓
- Provide Status on Purchase ✓

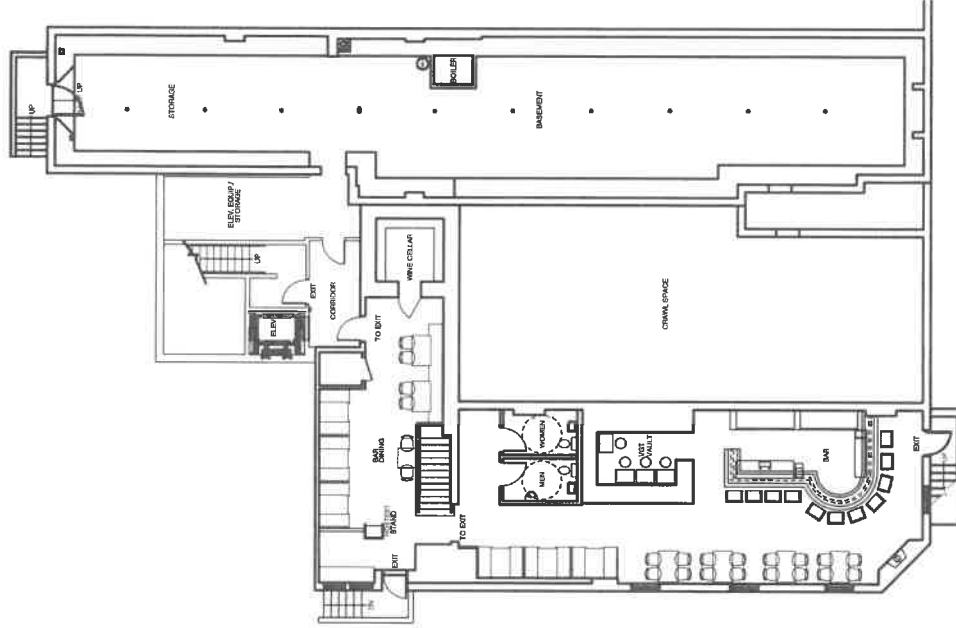
#### City of Washington

- Provide Feedback
- Provide Initial Approval to Proceed and Guidance for Final Approval
- Chart Timing of Next Steps
- Draft Letter of Intent (LOI)





N  
EXISTING BASEMENT PLAN



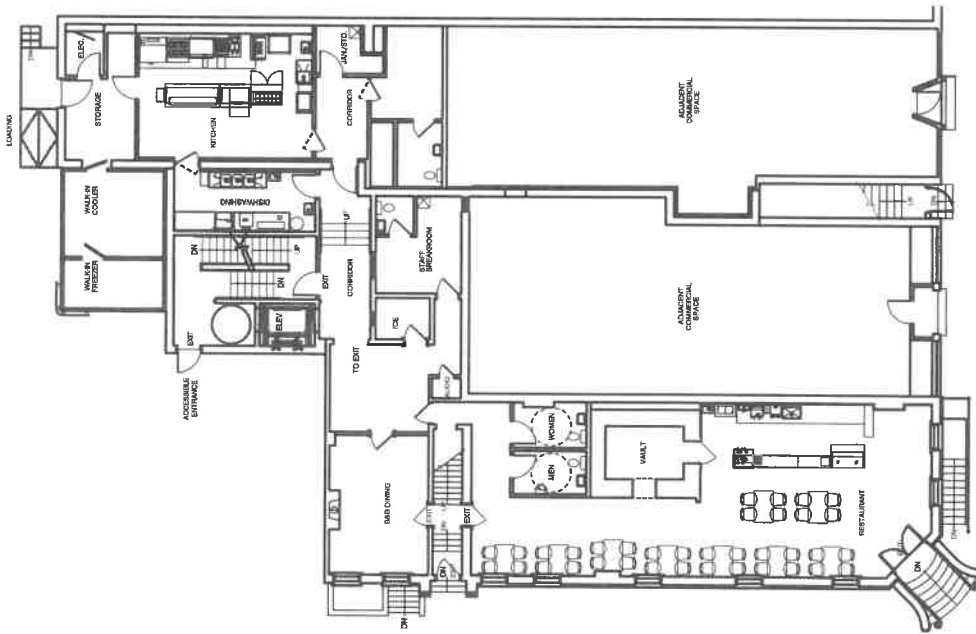
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REVISED BASEMENT PLAN

# GENERAL NOTES

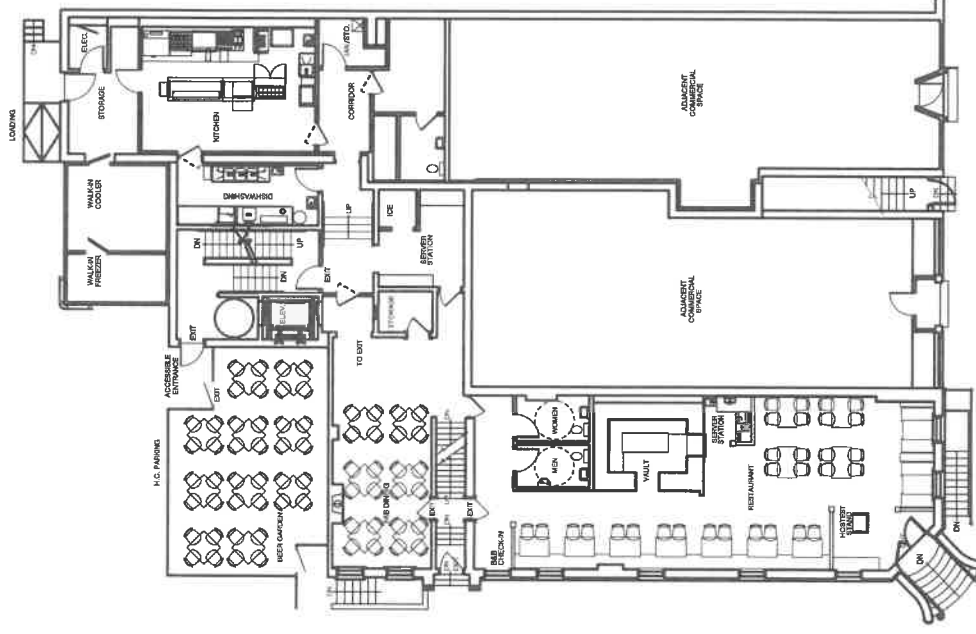
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Email: info@archdesign.biz

SHEET	LOWER LEVEL LAYOUT	PAGE
PROJECT	DEBART INN & PUB	
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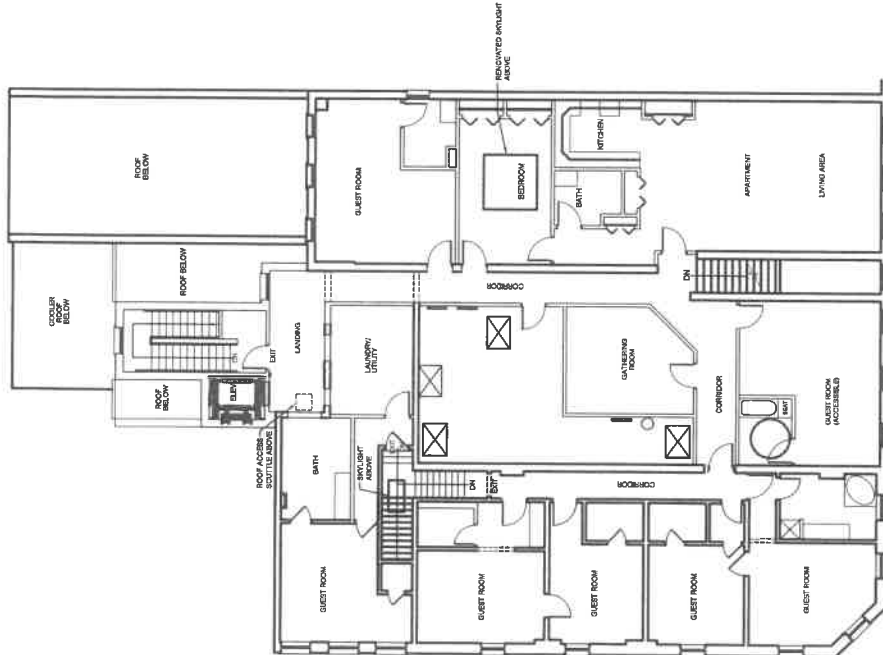


EXISTING FIRST FLOOR PLAN



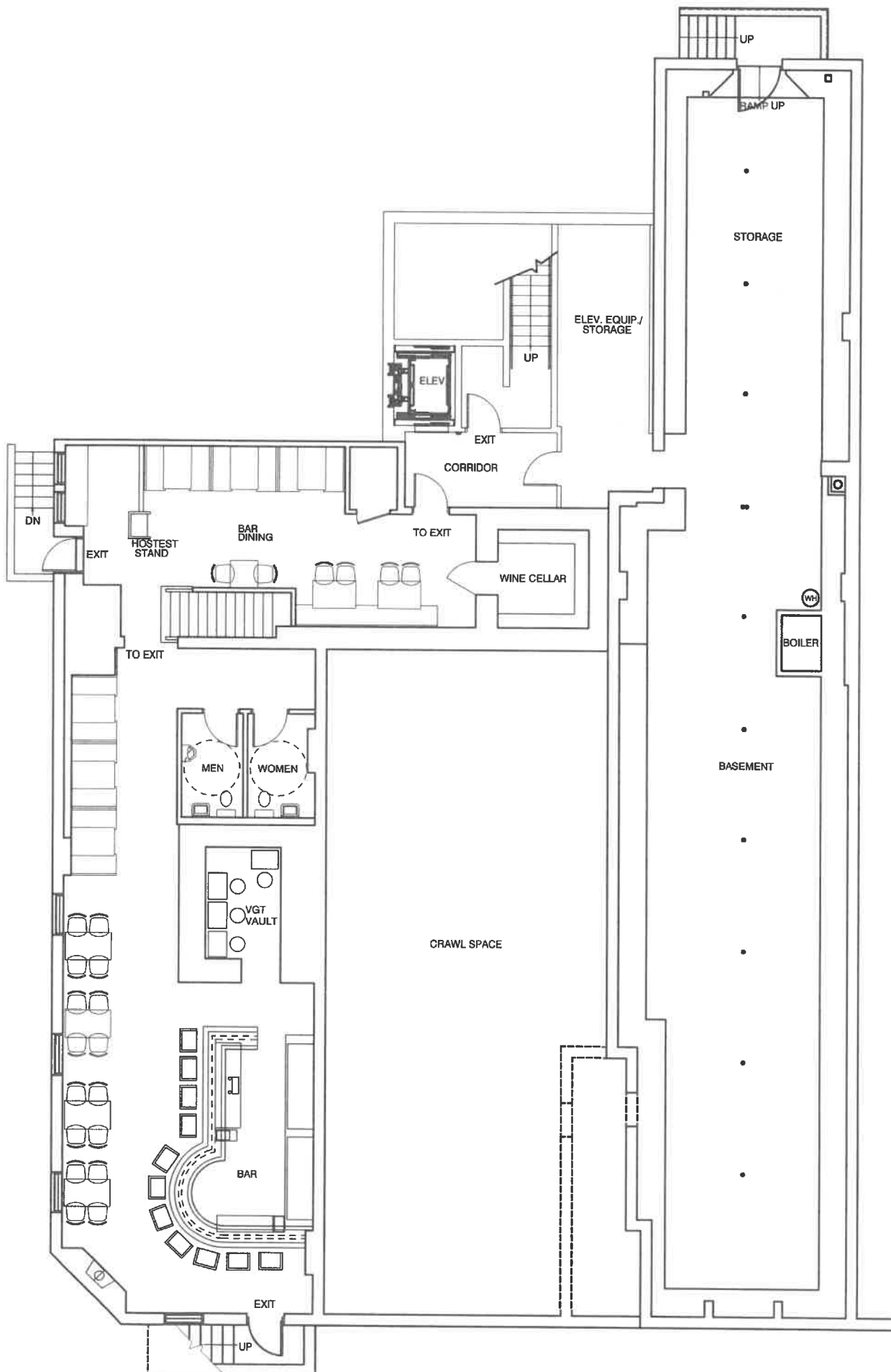
REVISED FIRST FLOOR PLAN

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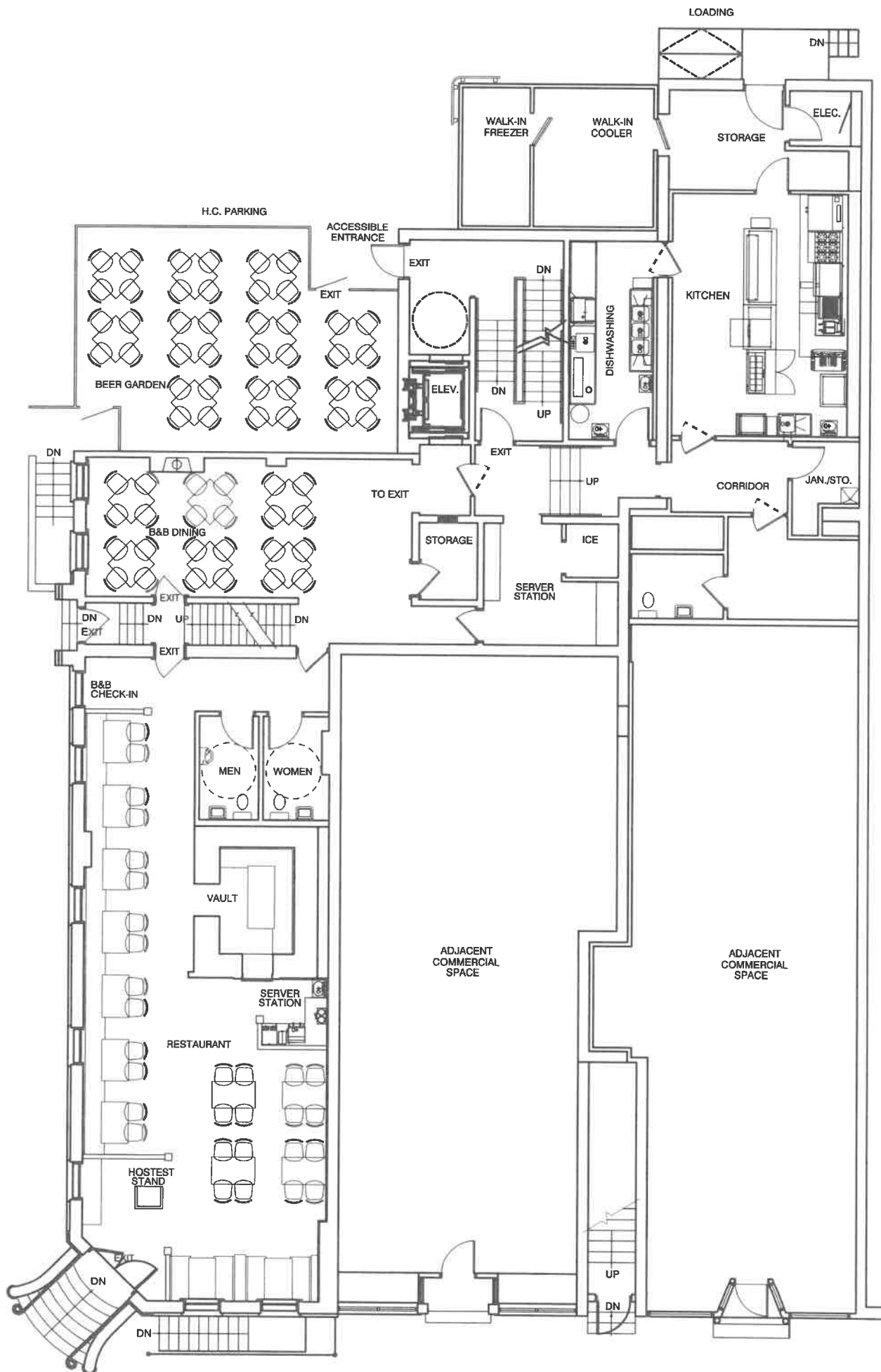


EXISTING SECOND FLOOR PLAN

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SHEET	SECOND FLOOR LAYOUT
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PAGE	3



REVISED BASEMENT PLAN



REVISED FIRST FLOOR PLAN













