

ORDINANCE NO. 3846

AN ORDINANCE AMENDING CHAPTER 37 FINANCE AND REVENUE, OF TITLE III ADMINISTRATION, OF THE KEWANEE CITY CODE, AND DECLARING THAT THIS ORDINANCE SHALL BE IN FULL FORCE IMMEDIATELY.

**WHEREAS,** On March 10, 2014 the City Council adopted Ordinance 3757 establishing an Economic Development Incentive Policy for the City of Kewanee; and

**WHEREAS,** The City Council wishes to amend that policy to include goals and objectives from the City's Economic Development Plan, more easily provide for the addition of other incentive programs, and implement an approach that more clearly defines available incentive programs.

NOW THEREFORE BE IT ORDAINED, BY THE KEWANEE CITY COUNCIL, IN COUNCIL ASSEMBLED, AS FOLLOWS:

**Section 1** Chapter 37 "Finance and Revenue", of Title III, "Administration", of the Kewanee City Code shall be, and hereby is, amended by inserting new language shown as underlined (sample) below and deleting text shown as strikethrough (~~sample~~) below.

“§37.30 POLICY FOR ECONOMIC DEVELOPMENT INCENTIVES.

The City of Kewanee recognizes that it is necessary for the public purposes of development, redevelopment, diversification of the economy and commerce, and relief from conditions of unemployment and underemployment, to have a policy to stimulate business and commercial activity in the community. In order to implement these public purposes the City, under the authority of 65 ILCS 5/8-1-2.5 hereby establishes an Economic Development Incentive program. The City may agree to offer incentives to a developer, business or property owner for a specific project at a given location, ~~that results in private funding, private investment, and retention/creation of employment.~~

§37.31 GOALS FOR ECONOMIC DEVELOPMENT INCENTIVES.

Shown below are the goals of the Economic Development Incentive program. No project shall be eligible unless the project directly and materially serves one or more of the goals of the program. However, compliance with one or more program goals does not assure participation in the program, with the City Council reserving all rights and discretion to enter into Economic Development Incentive agreements provide incentives or assistance.

(A) ~~Employment. Retention of existing jobs, creation of new jobs and training of employees necessary to retain and create jobs, shall be individually or severally present in any project eligible for incentives.~~ Encourage development or redevelopment that would not occur without public efforts.

(B) ~~Tax Base. Retention or increase of the retail sales tax base and/or the Equalized Assessed Valuation of property shall be present in any project eligible for incentives.~~ Address blighted and economically obsolete areas.

(C) ~~Public Good. The incentives' benefit to the community shall equal, or exceed, the incentive cost.~~ Create and retain jobs, income, and economic activity.

~~(D) Revitalize and Diversify. Priority shall be given to projects that redevelop existing vacant facilities and land sites, or that promote diversity and a mix of business and industry sectors. Diversify and expand the tax base, which mitigates economic risk and provides funding for services to the community.~~

~~(E) Necessity. The private investment in the project would not occur in the community but for the incentives. Facilitate infrastructure improvements for which no other funding source is available.~~

~~(F) Reverse or slow the long-term trend of population loss in the community.~~

~~(G) Revitalization of neighborhoods, downtown, and key commercial corridors.~~

~~(H) Encourage private investment.~~

~~(I) Complete infrastructure improvements which support commercial, industrial, and residential development and redevelopment.~~

~~(J) Reduce vacancy rates in existing buildings and develop underutilized properties to their highest and best use.~~

~~(K) Provide a higher quality of life for City residents, with better services and resources.~~

### §37.32 INCENTIVES.

An incentive is any inducement or assistance by the City offered to an investor applicant to pursue a project that meets the goals and related criteria of this section of the City Code, as determined by the City Council. Said incentives(s) shall be defined in detail in the City's Incentive Guidelines, detailing the assistance offered, purpose, authorization, eligibility criteria, eligible uses, eligibility areas (if applicable), program description, funding sources, application and approval procedures, reporting procedures, and other pertinent information. All economic development incentive programs in existence as of the effective date of this ordinance including: low interest loans with possibility of incremental loan forgiveness for meeting periodic investment and employment benchmarks, reimbursement agreements, tax abatements or exemptions, and no cost, or reduced value, of land or buildings for sale or lease by the City, remain in effect. Such incentive guidelines shall be adopted by resolution of the City Council and updated through resolution to provide for the addition or removal of incentive programs, contained in an "Incentive Agreement" which shall be those documents mutually agreed to and executed by the City and the investor specifying the types of incentives and terms of delivery. Said Incentive Agreement is subject to limitations imposed by funding as appropriated and budgeted by the Kewanee City Council. This may include, but not be limited to:

~~(A) Low interest loan with possibility of incremental loan forgiveness for meeting periodic investment and employment benchmarks.~~

~~(B) Reimbursements.~~

~~(C) Tax abatements, reimbursements or exemptions.~~

~~(D) No cost, or reduced value, of land or buildings for sale or lease by the City.~~

§37.33

EVALUATION OF ECONOMIC DEVELOPMENT INCENTIVE PROJECTS.

(A) Comparison to Economic Development Incentive criteria.

Each project application shall be compared to the goals and criteria contained in this section to ensure substantial compliance with said goals and criteria prior to the approval of incentives and execution of award documents. ~~execution of an Incentive Agreement.~~

~~(B) Cost/Benefit Analysis.~~

~~The projected cost in terms of public funds committed to the project shall be compared to the projected public benefits of the project. Said project shall be funded only if the public benefits from the project are projected to exceed the public funds cost of the project. Public benefits are considered to be net increase in employment, payroll, sales tax, property valuation, or economic impact resulting from increased economic activity related to said project.~~

~~(C) Tax Base Analysis.~~

~~The net change in sales tax base and property tax base shall be projected for all project applications. Projections may also include State of Illinois income tax base, in the event project is large enough to influence said income tax base. This tax base analysis shall be used in the Cost/Benefit Analysis described in sub-section §37.33 (B).~~

~~(D) Impact on City Services.~~

~~The effects a given project is projected to have on City Services shall be compiled as a part of the review of any project application. City Services are Police, Fire, Streets, Water, Sanitary Sewer, Storm Sewer, Schools, Parks and any other pertinent service normally provided by a governmental entity. This City Services analysis shall be used in the Cost/Benefit Analysis described in sub-section §37.33 (B). Said City Services analysis will also be used independent of cost in the event the project has unique qualities not normally arising from a business development.~~

~~(E) Existing Business Impact.~~

~~The effects of a given project is projected to have on existing businesses shall be prepared. Said existing business analysis shall be used in the Cost/Benefit Analysis described in sub-section §37.33 (B). Said existing business analysis will also be used to help determine the necessity of providing incentives when it is shown the project will have an overall neutral or negative effect on existing business activity.~~

~~(F) But For Analysis.~~

~~A determination of whether the project will proceed if the incentive is not provided.~~

~~(H) (B) Specific Criteria.~~

(1) The project shall directly serve one or more of the goals stated in sub-section §37.31.

(2) The investor applicant requesting an Incentive Agreement shall provide, at their sole expense, sufficient documentation on the proposed project and agree to furnish good faith estimates for information required for staff and the City Council to evaluate the application, which may include ~~on~~ projected job retention/creation, projected assessed valuation, projected sales tax, historical and current financial data and other information needed to evaluate the project.

(3) Where applicable, the investor applicant shall agree to annual monitoring of the project progress by the City and shall provide the City information reasonably related thereto as provided for in the Incentive Agreement, any incentive or award documents.

(4) ~~All Incentive Agreements~~ Any incentive or award documents shall contain terms related to reversion of some, or all, of prior incentive payments back to the City in the event of breach of the agreement by the investor applicant.

(5) Projects shall be wholly within the corporate limits of the City of Kewanee.

(6) Illinois Prevailing Wage Act will apply where required by law to all projects.

(7) Projects shall be investments of new funds. Refinancing of existing debt shall not be permitted as a part of the project.

~~(8) The investor must have a minimum of ten percent equity invested in the project.~~

~~(9) The investor must have one or more commercial lender(s) as participants in the project. The extent of participation by the commercial lender(s) shall be not less than 50% of total project funding.~~

~~(10) All jobs created or retained shall be located within the City of Kewanee.~~

~~(11) Minimum private project investment shall be \$100,000 with at least 50% of the project funds devoted to property acquisition, renovation, improvement, or purchase of durable equipment.~~

~~(12) (8) Value of incentives offered shall be as contained in the Incentive Agreement or award documents.~~

§37.34 Performance and Monitoring Standards.

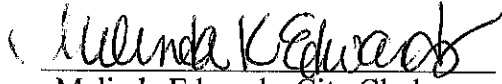
Where applicable, Each any Incentive Agreement or award documents shall contain performance and monitoring standards. Said performance and monitoring standards as determined to be required during the evaluation process or as a part of the incentive program itself, and contained in an executed Incentive Agreement. Performance standards shall be used to gauge the effectiveness of the Economic Development Incentive Program and shall also be the basis for recovery of, or reversion of, prior incentives in the event of failure to achieve the performance benchmarks in the and Incentive Agreements or award documents. Monitoring shall include mandatory submission of data and documents by the investor to allow periodic evaluation of the project as contained in the any Incentive Agreement or award documents.”

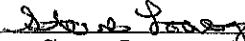
**Section 2** All Ordinances or parts of Ordinances in conflict herewith are hereby repealed to the extent of such conflict.

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

Passed by the Council of the City of Kewanee, Illinois this 12<sup>th</sup> day of September, 2016.

ATTEST:

  
Melinda Edwards, City Clerk

  
Steve Looney, Mayor

| RECORD OF THE VOTE                    | Yes | No | Abstain | Absent |
|---------------------------------------|-----|----|---------|--------|
| Mayor Steve Looney                    | X   |    |         |        |
| Council Member Deann Schweitzer       | X   |    |         |        |
| Council Member Andrew Koehler         | X   |    |         |        |
| Council Member Kellie Wallace-McKenna | X   |    |         |        |
| Council Member Michael Yaklich        | X   |    |         |        |

