

VILLAGE OF HOMEWOOD



BOARD AGENDA MEMORANDUM

DATE OF MEETING: July 9, 2024

To: Village President and Board of Trustees

Through: Napoleon Haney, Village Manager

From: Angela Mesaros, Director of Economic and Community Development

Topic: Contract – New TIF District - Halsted & 175th Street

PURPOSE

Staff is proposing to engage Ryan LLC (formerly Kane, McKenna, and Associates, Inc.) to conduct the required steps to establish a new tax increment financing (TIF) district for the properties on the west side of Halsted Street, south of 175th Street, including the former Walmart property. The purpose of the TIF is to provide a flexible mechanism for incentivizing the redevelopment of the former Walmart at 17550 Halsted Street. Board approval is required for this contract.

PROCESS

In early 2023, Walmart announced the closing of its Homewood store at 17550 Halsted Street on March 10, 2023. The Village has been actively working to redevelop the space since the closure. From recent discussions and meetings, staff is comfortable in recommending that the area be considered as a Tax Increment Financing district. Tax incremental financing (TIF) is an important tool for local governments to better attract economic development projects, create jobs, foster infrastructure investment, and/or redevelop spaces that are blighted, undeveloped and/or vacant. It is important to note that any potential redevelopment project at or about the vacant Walmart site will require a financial investment by the Village. This investment can be accomplished by the creation of a Tax Increment Financing District.

To effectively negotiate with the owner of a business, a potential developer for the property and even the current owners of the Walmart property, staff must know the amount of incentives (investment) that will be available and, as a result, recommends that the Village move forward to evaluate the feasibility of establishing a TIF district for the space.

TIF Consulting Work Past and Present

In the past, Homewood contracted with the reputable TIF consultants Kane McKenna & Associates, Inc. (KMA) of Chicago, IL to perform our TIF consulting work (*TIF creation and project TIF analysis*). KMA is a specialized consulting firm focused on delivering economic development solutions and providing municipal financing strategies for development projects. In 2022, Ryan LLC of Dallas TX, announced the acquisition of Kane, McKenna & Associates, Inc. Staff proposes that the Village contracts with Ryan LLC of Chicago, IL to complete this current TIF work.

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The Process

A letter of engagement is provided which details the proposed work. The services are in two phases: Phase I – review of qualification factors and economics of the proposed TIF (estimated to be \$10,000), and Phase II – implementation of a redevelopment plan and project (\$13,500). The services are as follows:

1. Prepare a TIF eligibility analysis;
2. Prepare a Redevelopment Plan for the proposed area;
3. Prepare Required Notices and Mailing Lists; and
4. Complete Public Approval Process.

The initial phase of work is a formal TIF eligibility study. If it is determined that the area is not eligible to be designated as a TIF district, Ryan’s work will not continue with Phase II.

The letter of agreement is attached and includes the scope of work. The total cost of the project is an “*estimate*” of \$23,500. Staff recommends that the Village Board approve a 15% cost contingency of \$3,525 for potential unforeseen costs. This contingency funding will not be used or be available to the consultant unless staff absolutely agrees and deems that there are critical and unforeseeable circumstances that require the consultant to go above and beyond the initial scope of work.

OUTCOME

The property includes a large commercial building and gas station that, when occupied, serve as a significant source of sales tax revenue for the Village. The area is on Halsted Street, a major commercial thoroughfare in the Village. The redevelopment will result in the revitalization of a prominent commercial property.

FINANCIAL IMPACT

- **Budgeted Amount:** \$30,000
- **Total Potential Cost:** \$27,025 (*\$23,500 contract + \$3,525 contingency costs*)

LEGAL REVIEW

Completed

RECOMMENDED BOARD ACTION

Authorize the Village Manager to enter into an agreement with Ryan LLC of Chicago, IL to conduct the steps required to establish a tax increment financing designation for certain properties on the west side of Halsted Street, south of 175th Street, including the former Walmart property, in an amount of \$23,500, with a 15% cost contingency in the amount of \$3,525 for a total of \$27,025.

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ATTACHMENT(S)
Letter of agreement