

**ROCHELLE CITY COUNCIL
AGENDA ITEM MEMO
REGULAR MEETING**

SUBJECT: Authorizing the City Manager to execute an amendment to the development agreement with Salt 251 aka C.C.S. Golf, LLC

Staff Contact: Jeff Fiegenschuh, City Manager

Summary: The current agreement with Mr. Scanlan states annually, the City of Rochelle shall calculate the amount of available tax increment, which shall be equal to the total tax increment generated solely by the Property (“Available Tax Increment”) for that year. The city agrees to provide developer with an amount equal to fifty percent (50%) of the Available Tax Increment commencing upon increment being deposited in the Special Tax Allocation Fund (“STAF”), as such term is provided for by the Act, and for the subsequent life of the Redevelopment Project Area, up to a cumulative amount equal to and not to exceed Two Hundred Fifty Thousand and No/100th Dollars (\$250,000.00) of developer eligible redevelopment project costs. Such amounts shall be provided to developer annually within ninety (90) days of receipt of the tax increment in the STAF (“Annual Developer Payments”). The remaining 50% of the Available Tax Increment shall first be utilized by the city to reimburse itself for costs incurred by the city to form the redevelopment project area.

Any tax increment generated by the other properties within the TIF district shall belong solely to the city and which tax increment shall also first be used by the city to reimburse itself for its costs incurred in forming the Redevelopment Project Area. The costs incurred by the city to form the Redevelopment Project Area is \$150,000.00. To the extent the city fully reimburses itself for its costs incurred in forming the Redevelopment Project Area prior to the developer receiving \$250,000 in TIF assistance, then the developer shall receive 100% of the Available Tax Increment until such time as the full assistance amount of \$250,000.00 has been paid to the developer or the expiration of the Redevelopment Project Area, whichever occurs first.

Mr. Scanlan has submitted more than \$250,000 in TIF eligible expenses. As of January 1, 2022, The City has paid \$40,000 towards the \$250,000 in reimbursable expenses. Mr. Scanlan is requesting the city pay the remaining balance over the next year in two installments. If the city agrees to the amendment, he will waive \$30,000 of remaining balance owned. The two payments will be \$89,500 payable June 1, 2022, and \$89,500 June 1, 2023. The City does have the reserves in place to pay both installments in the manner being requested and this proposal will save the city \$30,000 in TIF eligible reimbursements Mr. Scanlan is legally entitled to.

Funding Sources:

Source:	Budgeted Amount:	Proposed Expenditure:
Downtown TIF Fund	\$250,000	\$179,000 (\$89,500 annually)

Recommendation: Authorize the City Manager to execute the amended development agreement with Salt 251 aka C.C.S. Golf, LLC