



## CITY OF WASHINGTON, ILLINOIS Committee of the Whole Agenda Communication

**Meeting Date:** August 12, 2024

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

**Agenda Item:** Washington Historical Society Request for Financial Assistance for Building Improvements

**Explanation:** Demolition of the former LeBakery building at 140 Washington Square was completed last summer prior to the start of the foundation construction in August 2023 for the brewpub project. Work on the remainder of the building began early this year and continues to be in progress with a tentative completion in November.

Washington Historical Society, owner of the Danforth Building at 128 Washington Square, has submitted an attached request for financial assistance for work it has completed in preparation for the vertical brewpub construction. This is the first such request that staff has received. The costs total \$27,275.90, including \$1,298.85 in construction management. Staff has not received copies of paid invoices for those expenses at the current time.

WHS attests that these are items that needed to be completed as a result of the brewpub building being two stories in height, which will closely match the neighboring buildings and most around the Square. A variance was approved in December 2022. Five components of the zoning code were subject to the variance request, including a desired increase of the maximum Floor Area Ratio (FAR) from 1.0 to 2.0 in the C-2 zoning district. FAR is the numerical value obtained through dividing the gross floor area of a building by the total area or parcel of land on which such building(s) is located. The new building will have approximately 14,000 square feet of gross floor area on land that is approximately 7,000 square feet in size and therefore, an FAR of 2.0. The majority of the buildings around the Square have two stories with no setbacks and FAR's of about 2.0. The height and scale of this building is consistent with those and staff fully supported the variance.

**Fiscal Impact:** This is not a typical TIF project nor a common TIF request. The City's TIF scoring matrix is utilized to provide a quantifiable recommendation for the use of incentives towards private redevelopment projects. It places more ranking emphasis on exterior renovations and retail uses that generate sales tax. It provides a recommended not-to-exceed financial contribution based on its accumulated point total. This project scores 46%, which would make it eligible for 20% of the exterior costs and 10% of the interior costs. Some of the items could be considered maintenance and would not typically qualify for financial aid, which would lower the score.

**Action Requested:** Feedback on any potential City financial assistance. The TIF Fund has an estimated balance of \$560,000 at the start of FY 24-25. Up to \$380,000 could be paid by December 31, 2025, for the brewpub project and three annual payments of \$116,667 will be due for the 120 Walnut project upon its completion. Those are the only current outstanding private redevelopment project financial commitments. The TIF Fund is estimated to receive about \$120,000 in property tax increment during FY 24-25. According to the City Attorney, the City is not liable for any expenditures that WHS undertook on its building as a result of the variance approval or the adjacent property construction. Should there be consensus to reimburse for any of WHS's expenses, a redevelopment agreement would be drafted and brought to a future City Council meeting as a first reading ordinance.



## Memo

To: Washington City Council

From: Washington Historical Society Board Members: Jewel Ward, President; Pat Wagner, Vice President; Sue Freeberg, Secretary; Jennifer Essig, Treasurer; John Stromberger, Archivist; Judy Gross; Kit Zinser; Julie Smith

Melissa Heil, Executive Director, Washington Historical Society

Date: July 25, 2024

Re: Request for Reimbursement for Costs Related to Restaurant Project

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As you are all aware, the Washington Historical Society has incurred significant cost as a result of the new restaurant / brewery project next door. The Historical Society has tried to be a good neighbor and we have been publicly supportive of the project. However, we have incurred costs to our building of nearly \$50,000 thus far because of the project next door, and our numerous requests to the developer and city staff for reimbursement have, thus far, met with no response. We tried to resolve these issues out of the public eye and out of the courts but after nearly a year of stonewalling, we must move to take action to protect the financial future of our organization.

### **Our Costs**

You were all present last fall when the development's contractor admitted that they had damaged our foundation in excavating the previous building that was next door, and he promised to reimburse us for all associated costs. Now, many months later, they still have not done so. You were all made aware of the multiple times the contractor broke a water line (an incredible eight times) which resulted in water in our basement each time. And we presume you are aware of the multiple instances in which the developer's contractor trespassed on our roof and caused damage to it. We are not asking the City to reimburse us for those costs related to the contractor's negligence. We will continue to pursue reimbursement from the developer for those costs.

However, we believe that many of our expenses can be directly traced to the City’s decision to grant a variance to allow a two-story building where the Municipal Code essentially permitted only a single-story building. Our building was built in 1897 and has had windows facing the rear (east) and gutter work hanging off the side of the building for likely the entirety of that 125+ years. The City should have anticipated and provided for any modifications needed to one of Washington’s most historic buildings while planning the proposed development.

**Expenses**

Our list of expenses for which we are requesting City reimbursement is below. Will recouping those costs “make us whole?” Obviously not. But we look forward to the opportunity to move forward, at least on these few items, so that we can redirect some of our focus back to the real mission and purpose of the Historical Society.

**Conclusion**

We have asked ourselves many times: how much money should a neighboring property owner be expected to pay for a development next door? Does anyone think it is reasonable for us to have spent \$50,000 due to the negligence and lack of planning associated with this project? It is difficult to imagine the City expecting any other business or property owner in town to absorb \$50,000 because of a project happening next door—certainly not one that features the City itself as an investor. The City IS an investor in this project but has neither assumed responsibility for the damage done to our building through the project (as an investor would do), nor has it protected the neighbors affected by the project as a municipality should. We have approached the City and the Developer multiple times requesting reimbursement for our expenses and are not sure what else we can do to finally be made whole. We look forward to your assistance in finally resolving this situation.

**WHS Expenses Related to Restaurant Variance**

<b>DATE</b>	<b>Vendor</b>	<b>Amount</b>	<b>Description</b>
1/13/2024	MTCO	\$2,021.61	Move utilities
2/14/2024	Arch Masonry J.A. Fritsch & Sons, Inc.	\$11,800.00	Fill in existing masonry openings
2/14/2024	Kreiling Roofing Co.	\$4,973.75	Move outside air ductwork
2/14/2024	B.A. Ward Inc.	\$2,831.69	Move gutters and downspout
4/15/2024	SNS Construction Services	\$1,298.85	Construction Management
Pending		\$4,350.00	Remove windows / install wood framing / finish
<b>TOTAL</b>		<b>\$27,275.90</b>	