


MEMORANDUM

TO: Trustee Anthony Puccio, Chairperson
Economic & Community Development Committee Members

FROM: William J. Heniff, AICP, Director of Community Development 

MEETING DATE: January 13, 2025

SUBJECT: Retail Business Grant – Grant Payout Provisions

The latest amendment to the Retail Business Grant (RBG) Program was approved in 2024. In the latest review of the grant policy, staff references the provisions relative to the payouts and reimbursement process. As currently written, any approved non-restaurant entity receiving a RBG would receive payouts in the final manner as set forth within Section 13A of the Program:

1. Upon completion: 50% of the grant
2. Subsequent Payouts: 20% of the remaining 50%, each year the business is open, ending when the total awarded payout is made.

Per Section 13B, this provision does not apply to restaurants (i.e., upon project completion, the full grant award can be made by the Village).

In further internal discussions, staff seeks consideration of an amendment to the Policy to amend the payout provisions for all businesses awarded with a RBG to receive full funds upon completion, based upon the following:

1. The Village already has lien provisions (Section 14) to protect against transitioning from a retail business to a service business.
2. Tenants and property owners are outlaying and paying contractors in current dollars and offering partial reimbursements at the end of a five year period could affect business cash flow and possible debt. Or in other words, a \$20,000 grant from the Village in 2025 would have its last reimbursement installment made in 2031 (the end of the 5-year period).
3. Withholding future grant fund disbursement is generally not going keep a business open.
4. It may also reduce the attractiveness of the program, which is generally contrary to the intent of the program. In review of the program in past awards, most awards have gone to restaurant establishments.

For reference, the other grant programs do not have a waterfall payout system – if a grant project is completed, the Village releases the funds.

ACTION REQUESTED

Attached is a possible amendment to the Program for ECDC consideration. Staff is seeking consideration as to whether the RBG Program should be amended to allow for a full payout Grant upon completion of the grant project.

RETAIL BUSINESS GRANT PROGRAM POLICY

20242025

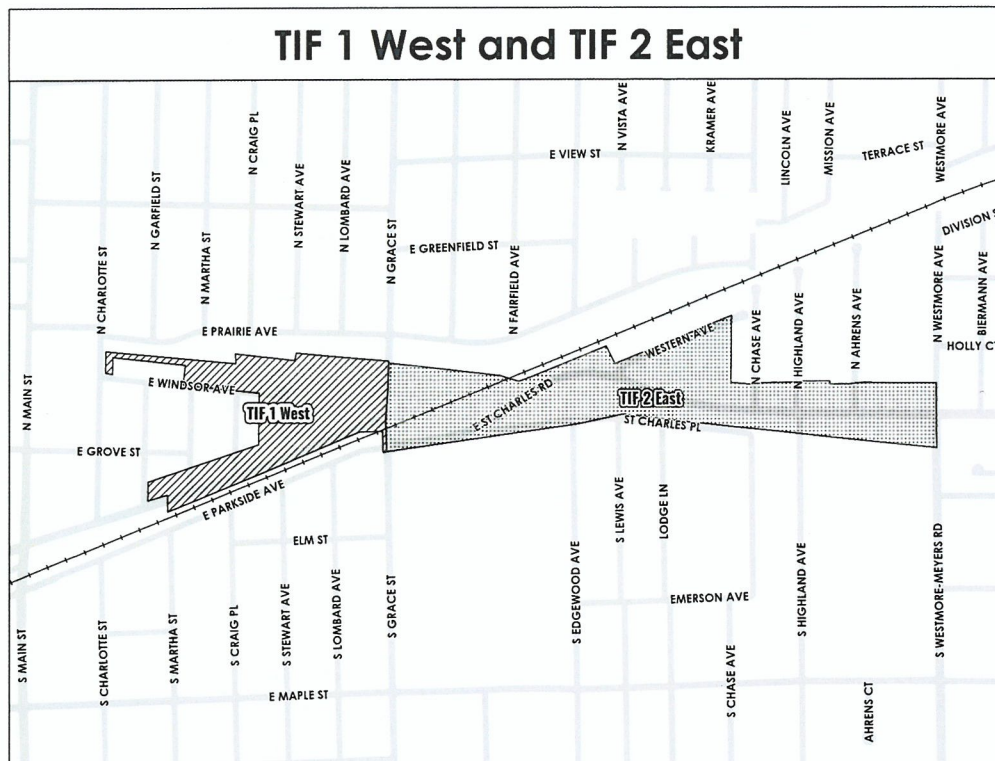
The purpose of the Retail Business Grant Program (hereinafter the “Program”) is to increase the economic viability of Lombard by attracting targeted retail businesses and assisting existing businesses in the Eligible TIF Districts. The program will offer a 50% matching grant for eligible expenditures associated with helping the start-up of new retail businesses or the expansion of existing retail businesses. Priority will be given to businesses that best complement the Eligible TIF Districts’ retail mix and help strengthen existing retail clusters. Grant funds derive from TIF funds, and therefore priority will be given to businesses with projected tangible benefits to the TIF area.

Eligible TIF Districts

The Program will only be offered to businesses located within the Lombard St. Charles Road TIF District I (West) or the Lombard St. Charles Road TIF District II (East) (“hereinafter the “Eligible TIF Districts”). The boundaries of the Eligible TIF Districts are shown on Figure 1 below.

Figure 1. Eligible TIF Districts

Lombard St. Charles Road TIF I (West)
St. Charles TIF 2- East



Program Eligibility

Eligibility requirements are as follows:

1. **Expenditures.** The following items shall be considered eligible expenditures:

Capital Costs- Those costs associated with improvements which are permanently affixed to the building, which are not specific to the use, and which do not restrict the future use of the building. Some examples include, but are not limited to: life safety and Americans with Disabilities Act accessibility code requirements, repair/replacement of roof, floors or structural walls; repair/replacement of electrical, plumbing, heating or cooling system; and installation of an elevator, sprinkler and fire or smoke alarm system.

Soft Costs- For purposes of this Program, the following items shall be considered soft costs and may be eligible for the Program: first three (3) months of rent (existing business must move into a new space in the Eligible TIF Districts or expand their existing space), signage, moving expenses, visual merchandising, retail consulting, and licensed space designer (ASID). Soft costs shall not exceed twenty-five percent (25%) of the total eligible expenditures.

**The Program does not cover costs associated with production equipment, media marketing/advertising, payroll, day-to-day operational costs (e.g. utilities, taxes, or maintenance), refuse, or product.

2. **Expansion.** If a business is seeking a Retail Business Grant for an expansion, a minimum investment of ten thousand and no/100 dollars (\$10,000) is required. If the expansion is associated with a service business with a substantial retail component, twenty-five percent (25%) of the total leasable floor area shall be dedicated to the new retail component, and only those costs associated with the expansion of the retail area shall be eligible. All expanding businesses shall provide financial statements for the past three (3) years demonstrating revenue from both retail and service activities.
3. **Amount.** Participants will be eligible for up to twenty thousand and no/100 dollars (\$20,000). Participants must expend verified funds and then will be reimbursed for eligible expenditures up to, but not exceeding, fifty percent (50%) of eligible expenditures. The Program shall not exceed twenty thousand and no/100 dollars (\$20,000) per participant. All Retail Business Grant requests shall require Village Board approval.
4. **Ownership/Lease.** Applicants must either own or have a minimum three (3) year lease in a first-floor retail location along a public street. In some instances, approval may be contingent upon receipt of a copy of a written lease between a landlord and the applicant.
5. **Occupancy-** Businesses who receive Retail Business Grant funds shall remain open at the location identified in their grant application for at least five (5) years from the date of the original Retail Business Grant disbursement. The Village shall be reimbursed by the applicant for any fees, including but not limited to attorney's fees associated with enforcement of this Program.

6. **Eligible Businesses.**

- A. Priority will be given to retail businesses that best complement the Lombard downtown retail mix. A list of targeted retail categories is as follows: clothing stores, produce market, cd/music store, design/decoration/furniture, electronics, home improvement, specialty foods, crafts/toys/hobbies, custom jewelry, kitchen/home accessories, children's products, entertainment venues (which complement restaurants in the vicinity of the property), specialty retail, computer store, shoe store, and art shops/galleries. Other stores may be eligible for the Program, subject to review by the Economic and Community Development Committee (the "ECDC").
- B. Service businesses with a substantial retail component, as defined by having twenty-five percent (25%) of its gross income and gross floor area, open to public and dedicated to retail sales activity, are potentially eligible for the Program. The dollar amounts awarded to service businesses with a substantial retail component will be a function of the amount and nature of the retail component associated with the business. For service businesses with substantial retail components that were previously in operation, sales data shall accompany the application. For start-up new service businesses with substantial retail components, up to half of the maximum possible Retail Business Grant award (i.e., no more than ten thousand and no/100 dollars (\$10,000)) can be awarded with the start-up of the business. Notwithstanding the procedural requirement that prohibits applications after a Certificate of Occupancy has been issued, a start-up new service business applicant who is granted half of an award has the ability to make a second application for an additional half of an award (i.e., no more than ten thousand and no/100 dollars (\$10,000)) after a one (1) year period of time, with the ECDC considering the retail sales tax figures as part of the second application.
- C. Resale stores and service businesses without a substantial retail component are not eligible for the Program.

7. **Fees.** Professional, architectural, engineering, and Village permit fees may be included in the total improvement costs. The Program will fund up to twenty-five percent (25%) or one thousand five hundred and no/100 dollars (\$1,500), whichever is less, of architectural rendering fees prior to approval of the improvements. All requests for architectural rendering fees prior to approval must have proper documentation and invoices. There are no application fees associated with the Program. However, if an applicant owes money to the Village, all accounts must be brought current before any portion of the Retail Business Grant is disbursed.

8. **Conformance.** All improvements must conform to Village Code. The business owner must maintain the property in compliance with all federal and local laws, ordinances, and regulations.

9. **Administration.** The program will be administered by the Department of Community Development. All applications will be reviewed by the ECDC. The ECDC will forward a recommendation to the Village Board, who will then determine whether the Retail Business Grant should be approved. A separate request for building permits shall be submitted to the Community Development Department.
10. **Evaluation.** The ECDC will review all applications on an as-requested basis. Proposals shall be evaluated on their viability, their contributions to the Eligible TIF Districts' retail mix, their support to the Village tax base and their completeness and eligibility. An applicant may be required to submit a personal financial statement. A successful business plan will convey the most promising combination of financial feasibility, product and market knowledge, growth potential, job creation and financial need.
11. **Timing.** If approved, the applicant has twelve (12) months from the date of the grant approval by the ECDC or the Village Board, whichever is applicable, to start the project and eighteen (18) months from the grant approval date to complete the project. If the project has not started within twelve (12) months or completed within the eighteen (18) months from the approval of the grant, the applicant must reapply to either the ECDC or Village Board (whichever entity provided approval) for a time extension. If the applicant does not reapply, the grant approval shall automatically expire.
12. **Appeals.** If the application is not recommended for approval by the ECDC, the applicant may resubmit the application after addressing the application deficiencies, or appeal the decision. If the applicant chooses to appeal the decision, a letter of appeal and supporting documentation must be sent to the Director of Community Economic Development and Planning within ten (10) days of the rejection, with said letter stating the reason for the appeal. The letter of appeal and supporting documents will then be forwarded to the Village Board. The Village Board will then make a final determination relative to the application. The denial of an application by the Village Board shall not preclude an applicant from submitting a new application for the Program. The Village Board has the right to amend or waive Program terms and conditions to accommodate special circumstances.
13. **Payments and Reimbursement.** Grants shall be paid out as follows:
 - A. Retail Businesses, restaurants and service businesses with a substantial retail component, shall ~~only~~ be eligible to receive ~~a maximum of fifty percent (50%) of the approved Retail Business Grant amount upfront (maximum of ten thousand and no/100 dollars (\$10,000)),~~ after the improvements have been completed, all final inspections have been completed, and a Final Certificate of Occupancy has been issued. Retail businesses who receive Retail Business Grant dollars upfront shall be subject to a lien on the property in an amount equal to their proportionate share of capital costs paid ~~upfront~~ by the Village. ~~The remaining fifty percent (50%) of any Retail Business Grant (maximum of ten thousand and no/100 dollars (\$10,000)) shall be reimbursed to the business over a five (5) year period starting from the time the improvements have been completed, all final inspections have been completed, and a Final Certificate of Occupancy has been issued. For every full year the business is in~~

~~operation, twenty percent (20%) of the remaining amount of the Retail Business Grant shall be paid to that business. In the event the business closes within the five (5) years, the Village shall have no obligation to payout any remaining portion of the Retail Business Grant. For example, if a Retail Business Grant were approved for a new retail business in an amount of \$20,000, the businesses owner could get the first \$10,000 upon issuance of the Final Certificate of Occupancy. The remaining \$10,000 would be provided over a 5-year period (\$2,500/year) for every full year the business is in operation.~~

~~B. All restaurants shall be eligible to receive the maximum grant amount of twenty thousand and no/100 dollars (\$20,000) upfront after the improvements have been completed and all final inspections have been completed.~~

14. **Property Lien.** All businesses and properties, except restaurants, who receive upfront Retail Business Grant money shall be subject to a lien to be recorded against title to the property, with the property owners written consent, to cover the pro rata share of capital costs paid upfront. One-fifth (1/5) of the lien shall be forgiven for each full year that the business operates at the project location. Release of the lien will be recorded by the Village five (5) years after the recording of the lien, or earlier if repayment of the upfront Retail Business Grant amount (or applicable portion thereof) is made to the Village. In the event that a business receiving an upfront Retail Business Grant were to close within the time period that the lien is in effect, the property owner shall have a maximum of ten (10) years from the time the upfront Retail Business Grant amount was paid or until the end of the life of the applicable TIF District , whichever occurs first, or immediately upon the sale or transfer of the property, to repay the Village any remaining balance of the lien. If the space is legally occupied with a new tenant (retail or service), each remaining year(s) left on the lien shall be forgiven for each full year that the new business(es) remain open. In the event that after the ten (10) years or the end of the life of the applicable TIF District, whichever occurs first, the property owner was unable to successfully lease the space to a new tenant(s) for not less than a combined five (5) years, the balance of the Retail Business Grant shall be paid to the Village. In unique situations a business may request a waiver of the lien provision. Staff will meet with the business to review and discuss various items with the business. The waiver of the lien provision is subject to review by the ECDC with ultimate approval or denial by the Village Board of Trustees.
15. **Business Plan.** Business plans should not exceed sixteen (16) double-spaced pages including exhibits. All business plans shall be reviewed by the College of DuPage Small Business Development Center (SBDC) prior to submitting same to the Village. The SBDC review requirement may be waived by the Director of Community Development. The business plan should include as many of the following as possible:
 - A. Description of your business and industry
 1. Your business
 2. The industry and its history
 - B. Features and advantages of your product

1. Description
 2. Competitive advantage
 3. Proprietary position
 4. Future potential
- C. Market research and analysis
1. Definition of your customers and markets
 2. Market size and trends
 3. Competition
- D. Estimated market share and sales
1. Market plan
 2. Market strategy
 3. Pricing
 4. Sales tactics
 5. Service and warranty policies
 6. Advertising, public relations and promotions
- E. Design and development plans
1. Development status and tasks
 2. Difficulties and risks
 3. Costs
- F. Operation plans
1. Business location
 2. Facilities and improvements
 3. Strategy and plans
 4. Labor force
- G. Management Team
1. Key management personnel (credentials/resume)
 2. Management assistance and training needs
- H. Overall Schedule
1. Timing of critical activities before opening (e.g. company incorporation, signed lease, suppliers ordered, employees hired, opening date)
 2. Timing of critical activities after opening, (e.g. expansion, product/service extension)
- I. Critical risks and problems (how will you respond?)
1. Price cutting by competitors
 2. Unfavorable industry-wide trends
 3. Operating cost overestimates
 4. Low sales
 5. Difficulties obtaining inventory or supplies
 6. Difficulty in obtaining credit
 7. Lack of trained labor

- J. Financial Plan
 - 1. Profit and loss forecasts for 3 years (first year monthly)
 - 2. Cash flow projections for 3 years
 - 3. Performance balance sheet at start-up, semi-annually in the first year and at the end of 3 years

16. **Procedural Requirements.** Participants in the Program must accomplish the following steps:

- A. Applicants for the Program should contact the Department of Community Development for applications. Applications are available on the Village website or may be obtained from and submitted to:

Department of Community Development
225 E. Wilson Avenue
Lombard, IL 60148
(630) 620-575049

- B. Candidates shall submit the following documents:
 - 1. Application form;
 - 2. Preliminary plans and preliminary cost estimates;
 - 3. Business plan;
 - 4. Details of signage and/or awning design; and
 - 5. Proof of ownership, lease, and/or owner's approval.
- C. The Community Development Department shall review the completed applications to ensure all required items have been submitted prior to scheduling the item for review by the ECDC. Incomplete applications will not be processed until all items have been submitted. The Director of Community Economic Development and Planning may waive certain items if deemed unnecessary.
- D. Prior to or after review by the ECDC and approval of the Retail Business Grant by either the EC-DC or the Village Board, depending upon the amount of the Retail Business Grant, a "Retail Business Grant Program Agreement" will be forwarded to the owner/applicant.
- E. Upon receipt and execution of the Agreement, the owner and/or applicant shall proceed as follows:
 - 1. Submit final plans and cost estimates to the Department of Community Development and apply for requisite building permits.
 - 2. Submit the contractor bids for the work outlined in the application as provided for within the grant application. Also, indicate the preferred contractor.

- F. Improvements and renovations may start after the required building permits have been issued. All necessary inspections should be coordinated through the Village's Community Development Department, Building Division.
- G. Prior to the issuance of any Retail Business Grant funds, the applicant must submit to the Village a completed Illinois sales tax release form.
- H. No Retail Business Grant funds shall be disbursed unless all Project-related activities are undertaken in compliance with all applicable provisions of both the Program Policy and Village Code and until the Village receives an affidavit from the Retail Business Grant recipient containing his or her sworn statement that he or she has paid the approved cost of the Project. Original paid receipts and final waivers of lien must be attached to the affidavit. Upon receipt of the approved affidavit, receipts, and final waiver of liens the Village will release Grant funds in accordance with the Program, subject to proper documentation.
- I. Upon completion of the project and after all final inspection from the Building Division have passed, the building will be inspected by a representative of the Planning Services Division for conformance with the application.
- J. All eligible expenditures will be matched by the Village of Lombard at fifty percent (50%) of costs as designated by an appropriate receipt or invoice. Overall costs may be submitted up to forty thousand and no/100 dollars (\$40,000) within twelve months after registering the business with the Village or applicant approval of the Program if the business is already registered.
- K. All businesses must submit applications and complete review by the ECDC prior to the start of construction in the Eligible TIF Districts. Once a Certificate of Occupancy has been issued, the business is no longer eligible to apply to the Program unless the application is for an expansion meeting the Program criteria.
- L. Capital costs associated with eligible expenditures made to a tenant space, prior to an eligible business and/or property owner making a formal Retail Business Grant request relative to said tenant space, may be included in the formal Retail Business Grant request, provided:
 - 1. The expenditures were made within the eighteen (18) month period immediately preceding the formal Retail Business Grant request; and
 - 2. Prior to proceeding with said expenditures, the applicant for the Retail Business Grant advised the Village staff of said proposed expenditures, and received the approval of the ECDC and the Village Board relative to said expenditures being eligible expenditures if a formal Retail Business Grant request were to be filed and approved, and Retail Business Grant funds are still available.

For further information contact:

**Village of Lombard
Community Development Department
255 E. Wilson Ave., Lombard, IL 60148
(630) 620-5750**