



## Legislation Details (With Text)

**File #:** 23-048      **Version:** 1      **Name:**  
**Type:** Ordinance      **Status:** Adopted  
**File created:** 2/1/2023      **In control:** City Council  
**On agenda:** 2/14/2023      **Final action:** 2/14/2023  
**Title:** Communication from the City Manager with a Request to APPROVE a REDEVELOPMENT AGREEMENT with FULTON HOTEL DEVELOPMENT, LLC.

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** 1. ORD 18047 + RDA agmt, 2. Fulton Hotel Redevelopment Agreement 021423

Date	Ver.	Action By	Action	Result
2/14/2023	1	City Council	adopted	Pass

**ACTION REQUESTED:**

Communication from the City Manager with a Request to APPROVE a REDEVELOPMENT AGREEMENT with FULTON HOTEL DEVELOPMENT, LLC.

**BACKGROUND:** Fulton Hotel Development LLC (Redeveloper) has been formed by Keith Weintstein to redevelop a Project Site that includes the Sully's Building (119-121 SW. Adams St., Peoria, IL 61602 - PIN #18-09-256-004) and the ICC Perley Building (113-115 SW. Adams St., Peoria, IL 61602 - PIN #18-09-256-005). The existing structures will be demolished and a mixed-use development will be newly constructed on the Project Site. The Project will include (i) a hotel with 140 hotel guest rooms, residential lobby, meeting and conference facilities, swimming pool and fitness center, (ii) 50 residential apartment units, (iii) restaurant and related bar facilities and (iv) convenience retail.

The Redeveloper has agreed to three Milestone Completion Dates: 1) Completion of Construction Plans by April 1, 2024; 2) Commencement of Construction by January 1, 2025; and 3) Construction Completion by January 1, 2027. In the event the Redeveloper does not anticipate meeting one or more Milestone Completion Dates in the project timeline, the Redeveloper may request in writing, prior to the Completion Date for such Milestone, that the City approve an extension of such Milestone Completion Date of no greater than 6 months. If the Redeveloper does not meet any Milestone Completion Date as extended, the Agreement shall terminate upon written notice by the City to the Redeveloper.

The City Niagara Parking Deck will be available to users of the project in accordance with a contract which will 140 parking spaces for the hotel and 80 parking spaces for the 50 residences. The Redeveloper will pay to the City a parking fee equal to Three Dollars (\$3) per occupied room night in the Hotel on a monthly basis. The Hotel Parking Fee shall increase by Three Percent (3%) annually on the Anniversary Date of the opening date of the Hotel to the public. Provided, however, the Hotel Parking Fee shall not exceed the full-service parking fee charged to monthly parkers. The residential apartment tenants will contract directly with the City (or its agent) based on the usual and customary monthly parking permit fees and costs generally applicable from time to time to other Niagara Parking Deck users.

119-121 SW Adams has been identified as a contributing structure in the Downtown Peoria Historic District recognized by the National Register of Historic Places according to the Illinois Department of Natural Resources in correspondence, dated December 17, 2018. As a consequence of being identified as a

contributing structure in the National Register of Historic Places, the Tax Increment Financing Act, (65 ILCS 5/11-74.4-3) prohibits reimbursement for certain costs if the costs are used to demolish, remove or substantially modify a historic resource as defined in the Illinois applicable statute. However, there is an exception to the prohibition which provides that such prohibition applies "... unless no prudent and feasible alternative exists." The Redeveloper represents to the City that due to the structure's obsolescence and disrepair, there is no prudent and feasible alternative to the building's demolition with the result that the structure's identification as a contributing structure in the Downtown Peoria Historic District would not prohibit 119-121 SW Adams from inclusion in the TIF District and would not prohibit TIF Reimbursement Payments for any Redevelopment Project Costs with respect to the parcel that are incurred, including the demolition of the structure. The Redevelopment Agreement states that the risk of compliance with the TIF Act, including this exception is allocated solely to the Redeveloper. The City shall have no liability to the Redeveloper if it is determined that the Redeveloper is not entitled to TIF Reimbursement Payments and in that event, the Redeveloper shall immediately repay to the City any and all such past TIF Reimbursements Payments received by the Redeveloper.

**FINANCIAL IMPACT:** The total project is estimated to cost \$57,149,872. The City will reimburse the Redeveloper 100% of its qualified redevelopment costs for the remainder of the life of the TIF, but only out of the tax increment generated on the Project Site. The properties are included in the Downtown Conservation TIF, which is planned to expire in 2036. If the hotel opens in 2027, that would be 9 years of reimbursement. The estimated qualified redevelopment expenses exceed 23% of the total project, thus the tax increment generated from the development would not fully cover the qualified redevelopment expenses, due to the remaining years on the TIF. The City would also extend the Hospitality Improvement Zone Business Development District to include the Project, consistent with other downtown hotels. This 1% sales tax and hotel tax increase would be used for reimbursement of capital expenses in the Project.

**NEIGHBORHOOD CONCERNS:** None

**IMPACT IF APPROVED:** The Redevelopment Agreement will be approved and the project will proceed.

**IMPACT IF DENIED:** The Redevelopment Agreement will not be approved and the project may be delayed or cancelled.

**ALTERNATIVES:** None.

**EEO CERTIFICATION NUMBER:** N/A

**WHICH OF THE GOALS IDENTIFIED IN THE COUNCIL'S 2017 - 2032 STRATEGIC PLAN DOES THIS RECOMMENDATION ADVANCE?**

1. Grow Peoria

**WHICH CRITICAL SUCCESS FACTOR(S) FROM THE COMPREHENSIVE PLAN DOES THIS RECOMMENDATION IMPLEMENT?**

1. Reinvest in neighborhoods.
2. Grow employers and jobs.

**DEPARTMENT:** City Manager's Office