



CITY OF
BLOOMINGTON
COMMITTEE OF THE
WHOLE MEETING
AUGUST 15, 2016

AGENDA

DISCUSSION ITEMS



City Logo Design Rationale

The symbol for the City of Bloomington is multifaceted in its visual and conceptual approach. Visually the symbol and the City's identity represent a modern progressive style which is consistent with the City's government. The symbol is based on three different concepts which combine to represent the City in a contemporary and appropriate way.

First and foremost is the chevron. The City government is a respected agency dedicated to serving the public. In this way, the chevron represents service, rank and authority.

The symbol may also be seen as a three dimensional building. This represents growth and diversity in our community.

Finally, the flower or plant derived from the original name "Blooming Grove," represents a community that is friendly and safe. Progress and growth are also associated with plant life as well as regeneration and renewal.

The symbol's positive upward movement is representative of the City's commitment to excellence!

City of Bloomington – Strategic Plan

Vision 2025

Bloomington 2025 is a beautiful, family friendly city with a downtown – the heart of the community and great neighborhoods. The City has a diverse local economy and convenient connectivity. Residents enjoy quality education for a lifetime and choices for entertainment and recreation. Everyone takes pride in Bloomington.

Jewel of Midwest Cities.

Mission

The Mission of the City of Bloomington is to be financially responsible providing quality, basic municipal services at the best value. The city engages residents and partners with others for community benefit.

Core Beliefs

Enjoy Serving Others

Produce Results

Act with Integrity Take

Responsibility Be

Innovative Practice

Teamwork

Show the **SPIRIT!!**

Goals 2015

Financially Sound City Providing Quality Basic Services

Upgrade City Infrastructure and Facilities

Strong Neighborhoods

Grow the Local Economy

Great Place to Live – A Livable, Sustainable City

Prosperous Downtown Bloomington

12/11/2010

Brief Summary of Five Council Priorities

Five Priorities

At the September retreat, Council informally selected its top five priorities, and since that time staff has seen that these five areas are the dominant focus of the Council's policy deliberations. The selected priorities are:

1. Economic Development
2. Infrastructure
3. Financial Planning
4. Reduced Emergency Response Times
5. Downtown Implementation Plan

The value in naming priorities is to establish policy direction, make that direction known to stakeholders and guide policy, budget and operational decisions. As we work to develop the City's FY17 budget, staff would find value in formalizing the five priorities for the next fiscal year.

Prior to formalization, we have prepared this brief summary to begin the dialogue about what each priority means, where it stands and what it will take to advance each going forward.

1. Economic Development

- A. Economic development was overwhelmingly recognized by the Council as **essential to the financial sustainability** of the community. It is our prime means to diversify our tax base and expand our revenue streams.
- B. City of Bloomington economic development is undertaken in parallel with **regional collaboration** and economic development initiatives of the EDC, B/N Advantage and others.
- C. The time is right to review our **economic development strategic plan and incentive policy**. Tools such as TIF are invaluable for the redevelopment of areas such as Colonial Plaza, and will be key to our success.
- D. Economic development cannot stand alone and depends on sound infrastructure and quality of life to successfully ensure a financially-sound future for our community.

2. Infrastructure

- A. The City is decades behind in funding much-needed **infrastructure maintenance**, estimated to total \$400M or more. Reliable infrastructure with the capacity to handle growth is essential to economic development, quality of life and the City's financial long-term stability.
- B. Our City's recently completed **infrastructure Master Plans**, encompassing streets, sanitary sewers, storm water, facilities, sidewalks and more provide detailed inventory, condition rating and make it possible for us to assess and prioritize critical needs.
- C. The next essential step is to develop a **five year Capital Improvement Plan** to address the most urgent/timely needs, AND a funding strategy.
- D. Some projects included in the City's Master Plans are prime candidates for borrowing. Financing options are many, and Council will determine a preferred strategy, ranging from conservative to aggressive.

3. Financial Planning

- A. Since the Great Recession, we are all adapting to a new economy that requires us to have a **long-term, continuously evolving plan for financial sustainability**, including a plan for appropriate reserves. We must have a balanced budget to avoid the pitfalls and reputational damage that many other governments continue to experience.
- B. A deficit in the City's General Fund was averted in the near term through Budget Task Force recommendations and the Council's recent adoption of a 1% sales tax increase. However, the City's expenses, especially those tied to Police and Fire pensions and labor costs, will continue to increase over the years. The **potential for a General Fund structural deficit** will continue to threaten future budgets.
- C. It will take all of us, including our citizens, to develop solutions for achievement of financial sustainability. We must focus on refining our financial projections, re-forecasting when appropriate, identifying programs and services, establishing appropriate levels of service performance measures, and prioritization.
- D. A **Capital Improvement Plan and funding** is critical to the City's financial strategy now and going forward.

4. Reduced Emergency Response Times

- A. Despite the excellent efforts of our first responders, the Fire Master Plan identified that **service to the City's northeast portion is inadequate and response times are below our standards**. Long-term, the Master Plan recommends a new Fire Station facility to serve the northeast area of the City. In the short-term, we must identify creative and innovative methods to reduce EMS and fire suppression response times.
- B. Quality public safety services are essential to a community's Economic Development and, with so many financial resources devoted to public safety, **finding efficient solutions to public safety issues** contributes to the long-term financial health of the community.

5. Downtown Implementation Plan

- A. The Downtown Master Plan was adopted by the City Council in 2013 without an Implementation Plan. Increased interest in Downtown economic development, notably in the proposed addition of hotel and/or convention center space, indicates this is the time to **design the City's role** in success of the Downtown.
 - a. It will take inside and outside **resources to vet potential Downtown projects**.
 - b. We must determine the amount and type of **public engagement** that is appropriate for Downtown development proposals.
 - c. Traditionally, municipalities play a role in Downtown **streetscape improvements** and meeting its **parking needs**.
- B. We can **build upon the qualities that make our Downtown special**, such as our ties to President Lincoln and Route 66, both expertly displayed in the new Visitors Center at the McLean County Museum of History. Smart economic development in Downtown will expand on existing assets and attractions like the Museum, the BCPA and the Coliseum.



2015 Strategic Plan Goals

Goal	1. Financially Sound City Providing Quality Basic Services
Objective	<ol style="list-style-type: none">Budget with adequate resources to support defined services and level of servicesReserves consistent with city policiesEngaged residents that are well informed and involved in an open governance processCity services delivered in the most cost-effective, efficient mannerPartnering with others for the most cost-effective service delivery
Goal	2. Upgrade City Infrastructure and Facilities
Objective	<ol style="list-style-type: none">Better quality roads and sidewalksQuality water for the long termFunctional, well maintained sewer collection systemWell-designed, well maintained City facilities emphasizing productivity and customer serviceInvesting in the City's future through a realistic, funded capital improvement program
Goal	3. Grow the Local Economy
Objective	<ol style="list-style-type: none">Retention and growth of current local businessesAttraction of new targeted businesses that are the "right" fit for BloomingtonRevitalization of older commercial homesExpanded retail businessesStrong working relationship among the City, businesses, economic development organizations
Goal	4. Strong Neighborhoods
Objective	<ol style="list-style-type: none">Residents feeling safe in their homes and neighborhoodsUpgraded quality of older housing stockPreservation of property/home valuationsImproved neighborhood infrastructureStrong partnership with residents and neighborhood associationsResidents increasingly sharing/taking responsibility for their homes and neighborhoods
Goal	5. Great Place – Livable, Sustainable City
Objective	<ol style="list-style-type: none">Well-planned City with necessary services and infrastructureCity decisions consistent with plans and policiesIncorporation of "Green Sustainable" concepts into City's development and plansAppropriate leisure and recreational opportunities responding to the needs of residentsMore attractive city: commercial areas and neighborhoods
Goal	6. Prosperous Downtown Bloomington
Objective	<ol style="list-style-type: none">More beautiful, clean Downtown areaDowntown Vision and Plan used to guide development, redevelopment and investmentsDowntown becoming a community and regional destinationHealthy adjacent neighborhoods linked to DowntownPreservation of historic buildings



**CITY COUNCIL COMMITTEE OF THE WHOLE
MEETING AGENDA
CITY HALL COUNCIL CHAMBERS
109 E. OLIVE STREET, BLOOMINGTON, IL 61701
MONDAY, AUGUST 15, 2016, 5:30 P.M.**

1. Call to Order
2. Roll Call of Attendance
3. Public Comment
4. Consideration of approving the Committee of the Whole Meeting Minutes of June 20, 2016. (*Recommend that the reading of the minutes of the Committee of the Whole Proceeding of June 20, 2016 be dispensed with and the minutes approved as printed.*)
5. Presentation of the SB Friedman Development Advisors' Final Evaluation of Bloomington Downtown Redevelopment Partners' Proposal for a Downtown Hotel and Conference Center. (*Presentation by Steve Friedman, of SB Friedman Development Advisors 15 minutes, Council discussion 45 minutes*)
6. Discussion of identifying Downtown priorities and developing a Downtown Action Plan / Next Steps. (*Council discussion 45 minutes.*)
7. Adjournment

Note: No action will be taken on any matters at this meeting beyond approval of the minutes.



**COMMITTEE OF THE WHOLE MEETING
AGENDA ITEM NO. 4**

FOR COUNCIL: August 15, 2016

SUBJECT: Consideration of approving Committee of the Whole Meeting Minutes from June 20, 2016.

RECOMMENDATION/MOTION: That the minutes of June 20, 2016 Committee of the Whole Proceedings be approved as printed.

STRATEGIC PLAN LINK: Goal 1. Financially sound City providing quality basic services.

STRATEGIC PLAN SIGNIFICANCE: Objective 1d. City services delivered in the most cost-effective, efficient manner.

BACKGROUND:

In compliance with the Open Meetings Act, Committee Proceedings must be approved within thirty (30) days after the meeting or at the Committee's second subsequent regular meeting whichever is later.

In accordance with the Open Meetings Act, Committee Proceedings are made available for public inspection and posted to the City's web site within ten (10) days after Committee approval.

COMMUNITY GROUPS/INTERESTED PERSONS CONTACTED: Not applicable.

FINANCIAL IMPACT: Not applicable.

Respectfully submitted for Committee consideration.

Prepared by: Cherry L. Lawson, City Clerk

Recommended by:

A handwritten signature in black ink, appearing to read "David A. Hales".

David A. Hales
City Manager

Attachments:

- June 20, 2016 Committee of the Whole Meeting Minutes

Motion: That the minutes of Committee of the Whole Proceedings of June 20, 2016 be approved as printed.

Motion: _____ Seconded by: _____

	Aye	Na	Other		Aye	Nay	Other
Alderman Black				Alderman Mwilambwe			
Alderman Buragas				Alderman Painter			
Alderman Fruin				Alderman Sage			
Alderman Hauman				Alderman Schmidt			
Alderman Lower							
				Mayor Renner			



**COMMITTEE OF THE WHOLE SESSION
PUBLISHED BY THE AUTHORITY OF THE CITY COUNCIL OF
BLOOMINGTON, ILLINOIS
MONDAY, JUNE 20, 2016; 5:30 P.M.**

1. Call to Order

The Council convened in Committee of the Whole Session in the Council Chambers, City Hall Building, at 5:30 p.m., Monday, June 20, 2016. Mayor Renner called the meeting to order and directed the City Clerk to call the roll.

2. Roll Call

Aldermen: Kevin Lower, David Sage (arrived 5:58 PM), Mboka Mwilambwe, Amelia Buragas (arrived 5:34 PM), Joni Painter, Karen Schmidt, Scott Black, Diana Hauman and Jim Fruin.

Staff Present: Steve Rasmussen, Assistant City Manager; Jeffrey Jurgens, Corporation Counsel; Cherry Lawson, City Clerk; Brian Mohr, Fire Chief; Brendan Heffner, Police Chief; Jim Karch, Public Service Director; Nora Dukowitz, Communications Manager; Jay Tetzloff, Superintendent of Zoo; Nicole Albertson, Human Resources Director; Tom Dabareiner, Plan/Code Enforcement Director; Austin Grammer, Economic Development Coordinator; Curtis Webb, Executive Director, US Cellular Coliseum and other City staff were present.

Staff Absent: David Hales, City Manager,

3. Recognition / Appointments

- A. Presentation of the Sunshine Award from the Illinois Policy Institute (Mindy Ruckman).
- B. Presentation of Certificates to Bloomington 101 participants.

4. Public Comment

Mayor Renner opened the meeting to receive Public Comment. The following individuals provided comments during the meeting.

Mike McCurdy
Pete Pontius
Tom Hubbard
Bruce Meeks

Kyle Boehm

5. Consideration of approving the Committee of the Whole Meeting Minutes of March 21, 2016.

Motion by Alderman Painter, second by Alderman Schmidt, that the minutes of the Committee of the Whole Meeting of March 21, 2016 be dispensed with and approved as printed.

Mayor Renner directed the Clerk to call the roll which resulted in the following:

Ayes: Aldermen Lower, Mwilambwe, Buragas, Painter, Schmidt, Black, Hauman and Fruin.

Nays: None.

Motion carried. (viva voce)

6. Discussion of an Ordinance Amending Chapter 6 of the Bloomington City Code to Provide for Video Gaming Licensing.

Mayor Renner gave a brief overview. In July 2009, the State legislature adopted the Video Gaming Act, which permitted video gaming within the State of Illinois. In July 2012, the City amended its code to allow video gaming in Bloomington. The proposed ordinance required the licensing of gaming establishments and provides for a \$500.00 fee per video gaming terminal (VGT). The terminal fees funds were to be directed toward payment of police and firefighter pensions. Council could direct the fees to be deposited directly into the General Fund. Licensed veteran's establishments (e.g., VFW and American Legion) were exempted.

As of December 2015, there were fifty-nine (59) video gaming establishments in the City, with a total of 253 VGT's. Total profits paid exceeded \$4,900,000. The average establishment profit was approximately \$83,800. The average per terminal income for calendar year 2015 was approximately \$19,500.

In December, 2015, the First District Appellate Court upheld a similar home-rule ordinance regulating video gaming and charging \$1,000 per terminal licensing fee. *See Accel Entertainment Gaming, LLC v. Village of Elmwood Park*, 2015 IL (1st) 143822. The Court found that the Ordinance was a valid use of the municipality's home-rule powers in that it promoted the health, safety and general welfare of residents.

Council may choose to adopt a \$200 per terminal fee as an alternative to the \$500 fee proposed in the ordinance. This would be equivalent to the per terminal fee charged by the Town of Normal (Town).

Jim Jordan, Liquor Commissioner, stated the fees were to offset legal costs. January

through May 2016 found fewer VGT's, yet the income from same was over \$6.2 million. Only the liquor industry could have VGT's. Same must be able to pour and serve, such as a tavern, restaurant or a combination.

Alderman Schmidt questioned the validity of \$1.5 million gaming tax collected by the City in the last four (4) years and what account received the funds. Commissioner Jordan stated the State of Illinois (State) received thirty percent (30%) of earnings from gaming. Each municipality received five percent (5%) from the State. Mayor Renner stated the funds were placed in the General Fund.

Alderman Schmidt questioned changes in Police requirements since adding VGT's to liquor establishments. George Boyle, Assistant Corporate Counsel, cited a case where the courts legally endorsed the idea that it was foreseeable that the addition of gaming would cause increased use of Police enforcement and increased cost to a municipality.

Alderman Lower questioned the number of violations for established and new facilities within the last year. Commissioner Jordan stated sanctions were brought against one (1) establishment and others were being reviewed. Alderman Lower stated smaller businesses may have only one (1) or two (2) VGT's. A fee may cause them to go out of business. Tracking the costs to the City would be best before adding fees. He was not in favor of supporting an Ordinance at this time.

Alderman Black questioned where the funds would go if this became an Ordinance. The proposed ordinance, Sec. 58, outlined fees would be paid to the Police and Fire Personnel Pensions yet statements had been made that the fees would go to the General Fund. Jeff Jurgens, Corporate Counsel, stated the funds from the taxes received from the State went into the General Fund. The Ordinance proposal suggested one option, the Pension plans. Alderman Black stated he favored a \$200 fee instead of the \$500 fee. He preferred the effective date for the fees to be Fiscal Year 2018. He was in favor of fees paying the Pension plans as suggested in Sec. 58.

Alderman Hauman questioned whether the City should entertain the fees and how this would affect the City's reputation. She questioned putting a cap on the number of available VGT's in the City. Mr. Boyle stated the Video Gaming Act gives the power to municipalities to decide not to have any VGT's. The court, in the case cited earlier, said the power to have none implied the power to limit/cap the VGT's. Alderman Hauman stated she was in favor of putting the funds into Mental Health, Addiction, Parks and Recs, in addition to the direct or indirect costs if the fees were passed.

Alderman Mwilambwe questioned the City's need for extra funds. Commissioner Jordan stated the intent was for the fees to offset legal costs. He cited Chapter 6, Alcoholic Beverages: Section 4B, Creation of New License – Findings: Item 14 “No license shall be created for, maintained by, an establishment whose primary or major focus is video gaming”. Monitoring compliance with the code, attorney fees, court fees, settlements, etc. had to be paid.

Alderman Fruin questioned the need to differentiate fees between the various business types with VGT's. Government had added taxes to small businesses making it difficult to remain solvent. The new income from VGT's had saved some small businesses. Commissioner Jordan

stated it was not about creating new revenue but trying to unburden the taxpayers from covering these legal costs. Equipment and resources cost more every year for Police protection.

Alderman Painter suggested exempting all fraternal organizations along with the Veterans organizations.

Mayor Renner asked for a consensus for moving forward on the ordinance.

Aldermen Lower, Sage, Mwilambwe, Buragas, Painter, Schmidt, Black, Hauman and Fruin were not in favor of supporting an Ordinance at this time.

Mayor Renner noted the consensus of Council not to act on the ordinance.

7. Discussion on the proposed Contract between the City of Bloomington and VenuWorks – Coliseum.

Jeff Jurgens, Corporation Counsel, gave a brief overview. The Contract had been posted online and copies distributed for a week. He introduced Curtis Webb, Executive Director, US Cellular Coliseum (USCC) and asked for questions/comments.

Alderman Black questioned having a disclaimer with the Flash Reports noting that the numbers did not include all taxes, etc. Mr. Jurgens stated that would be worked on.

Alderman Lower stated he wished VenuWorks every advantage to be successful and profitable as the USCC management.

8. Discussion and direction on the Annual Criterium Bike Race and related issues regarding City sponsorship.

Steve Rasmussen, Assistant City Manager, gave a brief overview. The Annual Criterium Bike Race (Crit) planners would like to 1.) increase the open liquor area, which would be brought before the Liquor Commission with an appropriate ordinance; and 2.) make this a City sponsored event. There was no policy on City sponsorship. A policy draft would be brought to Council addressing non-City sponsored and City sponsored events keeping it revenue neutral. He noted that Special Events were not a budgeted item, but costs, such as overtime and moving of barricades, were covered by each department handling the events. A proposal would address recouping some funds for non-City sponsored events that would then be used for any City sponsored events. Sponsoring an event could bring Economic Development to the City. It would assist one of the Strategic Goals to make the Downtown a destination.

Alderman Schmidt stated Matt Hawkins, Sports Commission member, had been involved in analyzing economic thresholds for events. Mr. Hawkins stated it was estimated, with approximately 250 racers, the economic impact would be \$121,000. Alderman Schmidt stated this was the fourth (4th) year for the Crit. The past three (3) years had been successful with approximately 300 racers participating from around the country. The race had a good reputation. The goal was to make the Downtown a destination with this event as it had been in the 1980's.

Alderman Lower stated he was in favor of the event. He would like to see the City bring back other past events including Bloomington Gold's Corvette Show and the Air show to stimulate the City's economy.

Alderman Buragas stated she supported the City taking additional steps to try to support this event. Alderman Fruin expressed his support.

Alderman Black expressed his support. He questioned whether the policy would assist in the marketing of these events. Mr. Rasmussen stated the event would do the major portion of marketing, advertising itself as a City sponsored event. The City could advertise on the website as a City sponsored event. Alderman Black questioned policy guidelines for Food Trucks at events. Mr. Rasmussen stated the policy draft would consider that.

Aldermen Sage, Mwilambwe and Painter expressed their support. Alderman Painter stated the Downtown businesses, such as CrossRoads, expressed their gratitude for the people shopping while attending the events.

Mr. Rasmussen stated staff would work on a policy draft to bring back for discussion.

9. Discussion, and direction on whether an ordinance should be drafted banning the use of electronic cigarettes at locations within the City where smoking is otherwise prohibited by the Smoke Free Illinois Act.

Alderman Hauman gave a brief overview. Effective January 1, 2008, the Smoke Free Illinois Act (Act) went into effect prohibiting smoking in public buildings. Same defines smoking as "the carrying, smoking, burning, inhaling, or exhaling of any kind of lighted pipe, cigar, cigarette, hookah, weed, herbs, or any other lighted smoking equipment." Smoking did not include "smoking that is associated with a native recognized religious ceremony, ritual, or activity by American Indians that was in accordance with the federal American Indian Religious Freedom Act, 42 U.S.C. 1996 and 1996a."

E-cigarettes and similar alternative nicotine products were battery-operated and designed to deliver nicotine with flavorings and other chemicals to users in vapor instead of smoke. These devices were not directly covered by the Act. Legislation had been introduced to both define electronic cigarettes and prohibit them the same as other smoking devices. Under the legislation, an electronic cigarette would be defined, in part, as "any electronically actuated device which in operation causes the user to exhale any smoke, vapor, or other substance other than those produced by unenhanced human exhalation." The FDA was starting to regulate electronic cigarettes.

If there was Council support to utilize the City's home-rule powers to prohibit the use of electronic cigarettes within the City's public buildings, staff would recommend adding language to the Code that defined electronic cigarettes and then provide that no person shall smoke or use any e-cigarette in any place where smoking was prohibited pursuant to the Act, as amended. In

addition, some communities had carved out exceptions for theatrical performances and Council may consider such an exception. The proposed legislation contained such an exemption.

Alderman Black expressed his support.

Alderman Sage stated he preferred that business owners make the decision to prohibit for their establishment rather than the City.

Mayor Renner stated the fifty (50) states had determined this to be a health issue, not a market issue.

Alderman Lower stated he preferred that business owners make the decision rather than the City. For City-owned establishments, such as the US Cellular Coliseum (USCC), he approved adding the ban.

Alderman Schmidt questioned whether this would cause the smoke shops to go out of business. Alderman Hauman stated those businesses were dedicated to the sale of such.

Alderman Buragas questioned research of other community's experience with this issue. Jeff Jurgens, Corporation Counsel, stated the Council memo cites other communities which had taken this action. Should Council decide to ban such, the easier way to do so would be to add language to the code to define electronic cigarettes and then provide that no person shall smoke or use any e-cigarette in any place where smoking was prohibited pursuant to the Act. The few exemptions that exist would continue. The Ordinance could be crafted according to what Council decided to do.

Alderman Mwilambwe stated his preference was to ban within City-owned facilities, as these were within Council's control, to test the policy for reaction.

Mayor Renner outlined three (3) options for consensus: 1.) Prohibition in public places as outlined in the draft ordinance; 2.) Prohibit in City-owned property; and 3.) No prohibition.

Aldermen Fruin, Hauman, Buragas stated their preference was option one (1).

Alderman Black stated his preference was option one (1) or two (2).

Aldermen Schmidt, Painter, Mwilambwe, Sage and Lower stated their preference was option two (2).

Mayor Renner stated the consensus was for the Ordinance to address City-owned property to prohibit e-cigarettes.

10. Discussion and direction on the City's Mission, Vision and Values statement

Alderman Hauman gave a brief overview. At the November 10, 2014 Council Retreat, review and revision of the City's Mission, Vision and Values (MVV) statement had begun. In January 2015, a working group consisting of Council members, City staff and Bloomington 101 graduates met to continue the work. The group decided the MVV statement should be brief and

apply to Council, staff and citizens. Same was discussed at a Committee of the Whole meeting in June 2015. The proposed draft was presented to Council for review.

Alderman Schmidt questioned the handout origin for Core Values Draft dated June 2016. Nora Dukowitz, Communications Manager, stated David Hales, City Manager, asked for same to be distributed to Council.

Alderman Black stated he was fine with the Draft Mission and Draft Values but do not favor the verbiage of the Draft Vision.

Alderman Sage questioned having each department devise their own MVV statement. He was fine with the draft as is. Alderman Hauman stated a suggestion had been made to have each department determine what each value looked like for their department. Alderman Sage stated this could be used as a foundational framework.

Alderman Lower stated the MVV should be more retroactive.

Alderman Fruin was in favor of the draft. Alderman Mwilambwe was in favor of the draft and encouraged expediency in adopting.

Alderman Painter questioned how to keep the statement front and center in people's minds. Alderman Hauman stated that the words within the statement should be used when reflecting on decisions made within Council.

Mayor Renner questioned next steps. Steve Rasmussen, Assistant City Manager, stated that the direction was to accept the MVV and keep it front and center. Mayor Renner stated this was not a formal vote.

11. Presentation, discussion, and direction of an Ordinance Adding Article XII to Chapter 38, Amending Section 3.2.9 of Chapter 24 of the Bloomington City Code and amending Chapter 5 of the Manual of Practice, Making Complete Street Practices a Routine Consideration for Transportation Projects as an Opportunity to Improve Public Streets for Pedestrians, Bicyclists, and Transit Users Regardless of Age or Ability.

Steve Rasmussen, Assistant City Manager, stated Council direction was needed for the request to amend the City code to add a Complete Streets Policy.

Jim Karch, Public Service Director, gave a brief overview. Complete Streets were avenues, boulevards, roads and drives with room for every traveler to safely arrive at their desired destination. While these streets allowed for adequate automobile usage, they provided people with a choice to walk, cycle, and use public transit. Complete Streets policies and laws required each street be reviewed for potential multimodal usage at the time of new construction, resurfacing or reconstruction.

The Illinois General Assembly adopted a Complete Streets policy in 2007 in the form of Illinois Public Act 095-0665 -- 'Illinois Complete Streets Law'. This particular law articulated that "bicycle and pedestrian ways shall be given full consideration in the planning and development of transportation facilities, including the incorporation of such ways into State plans and programs."

No additional work for planners, architects, and engineers was foreseen in this plan; however, the type of work would change. Under this policy, these professionals would be required to use their knowledge, skills and ability to design roads and have an integrated road network that safely and efficiently benefited all users, motorized or non-motorized. In order to evaluate the City's progress towards the implementation of a comprehensive Complete Streets policy, the City would prepare an annual report detailing the following: 1.) Total on-street bicycle routes and lanes miles; 2.) Total off-street paths and trails miles; 3.) Linear feet of pedestrian accommodations; 4.) ADA-compliant curb ramps numbers; and 5.) Annual crash data and comparisons to benchmarks.

Sidewalks were paramount to consider in crafting a pragmatic Complete Streets policy. Staff was recommending certain amendments to the Manual of Practice (MOP) and associated ordinances for sidewalks.

Both the City's Bicycle Master Plan and Sidewalk Master Plan would be consulted in the implementation of this ordinance. In applying the policy, Public Works would analyze its street projects in conjunction with these plans. Where a Complete Streets review suggested a major deviation from one of these plans, the plan would be brought before Council for amendment. The regional transit system and road network relied significantly on the Town of Normal (Town). The Town had been a partner in the process of crafting the City's plan. The two municipalities aspired to mirror one another for the most practical, cohesive Complete Streets plan.

Alderman Schmidt questioned the financial impact. Mr. Karch stated the financial impact was not beyond what had been approved. Council had already approved the Bicycle and Sidewalk Master Plans. Alderman Schmidt questioned if the Complete Streets cost would affect completing an entire area needing infrastructure repair. Mr. Karch stated the multimodal would be used at the time of new construction, resurfacing or reconstruction not pavement patching or point repairs, etc.

Alderman Buragas stated a Complete Streets ordinance did not compel action but that consideration would be given to the plan. She questioned the language referring to Complete Streets mentioned in the comprehensive plan "Bring It On Bloomington". Mr. Karch stated that was another plan that would be consulted when initiating street projects. Alderman Buragas noted the comprehensive plan stated the City shall adopt a Complete Streets policy. She questioned whether language for an ordinance would be circulated to Council before placing on an Agenda. Mr. Karch replied affirmatively. Alderman Buragas stated she would be producing two (2)

proposed resolutions to consider with the Complete Streets ordinance: 1.) Instruct the City Manager to include funding for a Traffic Engineer in the next Fiscal Year budget; and 2.) Make changes in transparency with resident input in the street design process.

Alderman Fruin questioned the sidewalk policy to increase the width if the existing sidewalk was narrow. Mr. Karch stated the standard was now five (5) feet compared to the prior four (4) foot standard. New sidewalks would meet the five (5) foot standard. Repairing small sections would remain the same size as it was. Alderman Fruin expressed his support and appreciated the plan to mirror the Town with the Complete Streets plan.

Alderman Mwilambwe expressed his support. He questioned sidewalks and damage from heavy equipment. Mr. Karch stated when sidewalks were laid with six (6) inches in thickness, same was more resistant to damage from construction equipment.

Alderman Black commended Mr. Karch and staff on the progress being made in upgrading streets and sidewalks. Same lent to safety and accessibility for citizens.

Alderman Sage questioned whether there was anything in Complete Streets that would impact implementation of the upcoming Five (5) Year Capital Improvement Plan (CIP). Mr. Karch stated no, unless Council passed a policy that would affect it. Mr. Karch stated the multimodal would be used at the time of new construction, resurfacing or reconstruction.

Alderman Sage questioned having a Federal program to direct what the City was doing since Complete Streets would not affect the Street, Bicycle and Sidewalk Master Plans. Mr. Karch stated Council did not have to pass the Complete Streets ordinance. Alderman Sage questioned the financial impact. Mr. Karch stated any changes, such as the thickness of a sidewalk, had been outlined in the Master Plans which Council had passed. The ordinance would implement these sooner. This was the next step as Council feedback was supportive of the multimodal accommodations.

Alderman Lower stated he was not in favor of the ordinance. He cited Federal government involvement, expense, increasing size of streets, and the percentage of residents utilizing the additional accommodations. He stated he would like to see the City decide on a case by case basis if additional accommodations were needed and if residents desired to have them done. He stated this process would cut back on existing property.

Alderman Buragas stated this was not the adoption of a Federal program. This was the adoption of a philosophy. Complete Streets philosophy stated that when the City was building/designing streets, more than moving traffic from point A to point B as quickly as possible was considered. Same would look at the streets impact on the community, the residents who lived there, other people who used the street such as pedestrians, bicycles and transit. This was not a

program to adopt or sign up for. The philosophy of Complete Streets called for the cessation of overbuilding our infrastructure.

Alderman Black questioned next steps. The questions most often asked of him were about getting the Constitution Trail to more neighborhoods. He stated there should not be a monopoly of the roads for just cars. This ordinance was a step in that direction.

Alderman Hauman questioned whether this would lead, serve and uplift the City. Mr. Karch replied affirmatively.

Mayor Renner questioned if Council wanted to direct staff to move forward with text amendments to Chapters 38 and 24 and amendments to Chapter 5 of the Manual of Practice.

Alderman Lower stated he was not in favor.

Aldermen Sage, Mwilambwe, Buragas, Painter, Schmidt, Black, Hauman and Fruin favored moving forward with a draft of the ordinance.

12. Adjournment

Motion by Alderman Schmidt, seconded by Alderman Fruin, to adjourn Committee as a Whole Session. Time: 8:01 p.m.

Motion carried. (viva voce)

CITY OF BLOOMINGTON

ATTEST

Tari Renner, Mayor

Cherry L. Lawson, City Clerk



Item 5

Downtown Development Project Update



**COMMITTEE OF THE WHOLE MEETING
AGENDA ITEM NO. 5 & 6**

SUBJECT: Presentation of the SB Friedman Development Advisors' Final Evaluation of Bloomington Downtown Redevelopment Partners' Proposal for a Downtown Hotel and Conference Center. Discussion of identifying Downtown priorities and developing a Downtown Action Plan / Next Steps.

RECOMMENDATION/MOTION: Presentation and Discussion Only

STRATEGIC PLAN LINK: Goal 3: Grow the Local Economy; Goal 5: Great Place – Livable, Sustainable City; Goal 6: Prosperous Downtown Bloomington.

STRATEGIC PLAN SIGNIFICANCE: Objective 3a. Retention and growth of current local businesses; 3b: Attraction of new targeted businesses that are the “right” fit for Bloomington; 3d: Expanded retail businesses; 3e: Strong working relationship among the City, businesses & economic development organizations. Objective 5e: More attractive city: commercial areas and neighborhoods. Objective 6a: More beautiful, clean Downtown area; 6b: Downtown Vision and Plan used to guide development, redevelopment and investments; 6c: Downtown becoming a community and regional destination; 6e: Preservation of historic buildings.

BACKGROUND & OVERVIEW: At the October 19, 2015 Committee of the Whole Meeting, the City Council directed staff to consult with SB Friedman Development Advisors to review the redevelopment proposal that was presented at that meeting by East Peoria-based commercial real estate broker Jeff Giebelhausen of Downtown Bloomington Redevelopment Partners (BDRP). The BDRP proposal included the redevelopment of the Front N Center / Commerce Bank block and the neighboring Elk's Lodge building and City-owned Major Butler surface parking lot.

At the [February 16, 2016 Committee of the Whole Meeting](#), Mr. Giebelhausen presented conceptual renderings of BDRP's proposed redevelopment project. Also at that meeting, SB Friedman presented its review and analysis of BDRP's projections related to the requested level of municipal assistance and the project's ability to generate municipal revenues which could be shared with the developer to assist in the project's viability.

On March 14, 2016, the City Council approved Resolution 2016-09, “A Resolution in Support of a Proposed Redevelopment Project from Bloomington Downtown Redevelopment Partners, LLC” (attached). In July, after meeting with representatives from SB Friedman and hearing their preliminary analysis, individual Aldermen expressed a desire not to move forward with the proposed project. At the August 15, 2016 Committee of the Whole Meeting, representatives from SB Friedman will present their review of the developer's submittal in response to the Inducement Resolution and provide a final evaluation and recommendation to the City Council. Summary

memos from SB Friedman Development Advisors and Kathleen Field Orr, the City's Special Counsel for Economic Development, are attached.

Following the presentation by Stephen Friedman, time has been allotted for the Council to have a discussion regarding the identification of Downtown Priorities and developing a Downtown Action Plan. To help facilitate the Council's discussion, staff has included the Implementation Strategy Matrix and the Goals and Objectives from the Farr Associates Downtown Strategy (Adopted by the Council on December 9, 2013. The Resolution states, "... however, the City Council explicitly does not approve funding mechanisms to implement said Strategy.") along with a listing of goals related to the Downtown from the 2035 Comprehensive Plan (Adopted August 24, 2015).

Respectfully submitted for Council consideration.

Prepared by: Austin Grammer, Economic Development Coordinator

Reviewed by: Tom Dabareiner AICP, Community Development Director
Jeffrey R. Jurgens, Corporation Counsel
Patti-Lynn Silva, Finance Director

Recommended by:



David A. Hales
City Manager

Attachments:

- SB Friedman Development Advisors Memo – Proposed Hotel & Conference Center: Resolution 2016-09 Submittal Summary and Recommendation
- Kathleen Field Orr Memo – Review of Purchase and Sale Agreements by and among Front N Center, Consolidated Properties, LLC and Bloomington Downtown Redevelopment Partners, LLC
- Resolution 2016-09, "A Resolution in Support of a Proposed Redevelopment Project from Bloomington Downtown Redevelopment Partners, LLC"
- Implementation Strategy Matrix and the Goals and Objectives from the Farr Associates Downtown Strategy
- Listing of goals related to the Downtown from the 2035 Comprehensive Plan

MEMORANDUM

To: David Hales, City of Bloomington

From: Steve Friedman, Ranadip Bose
SB Friedman Development Advisors

Date: August 11, 2016

Subject: Proposed Hotel & Conference Center: Resolution 2016-09 Submittal Summary and Recommendation

Riverside Lodging Bloomington LLC (entity yet to be formed, the “Developer” or “Development Team”) submitted a formal development proposal (“Submittal”) to the City of Bloomington on May 18, 2016 in response to Resolution 2016-09, commonly referred to as the Inducement Resolution. The proposed project includes the redevelopment of the former Elks Lodge, Commerce Bank and Front ‘N Center buildings, and the City-owned parking lot (“Butler lot”) into a 129-key hotel and conference center and restaurant cluster. As part of the Submittal, Riverside Lodging Bloomington LLC has requested \$13 million in up-front City financial assistance and the contribution of the approximately half-acre City-owned Butler lot at the northwest corner of Front and Madison Streets.

Subsequent to initial review of the Submittal, *SB Friedman Development Advisors (“SB Friedman”)* sent follow-up emails and conducted phone discussions, seeking to obtain information missing from the Submittal. The Developer thereafter submitted additional information regarding their purchase agreement and financing broker. On June 22, 2016, *SB Friedman*, City representatives and the Development Team participated in a conference call to discuss the Submittal and the newly provided materials. Following this call, one of the members of the development group issued a memorandum seemingly on behalf of the team in response to the concerns expressed on the conference call. Additional conference calls were also conducted with the Development Team on July 13, 2016 and July 18, 2016 to discuss the deficiencies and clarify the roles and responsibilities of individual members of the team.

This memorandum summarizes the Developer’s Submittal and provides the following:

1. A review of the completeness of the Developer’s Submittal against City Resolution 2016-19.
2. Identification of critical deficiencies of the Submittal as submitted by the Developer.
3. *SB Friedman* recommendation and suggested next steps for the City.

OWNERSHIP STRUCTURE OF DEVELOPMENT TEAM

Riverside Lodging Bloomington LLC is a yet to be formed Development Team that, according to the Submittal, will be comprised of a core group of firms/companies including Commonwealth Hotel

Management (“Commonwealth”), Aspect Architecture & Development (“Aspect”), CNNA Architects (“CNNA”), Farnsworth Group, Greystone Realty Group (“Greystone”), and the Giebelhausen Group. The proposed division of labor among individual entities of the Development Team outlined in the Submittal is as follows:

- Greystone and the Giebelhausen Group will handle local coordination between the Development Team and the City of Bloomington, and secure municipal entitlements.
- Commonwealth will secure the initial debt financing and manage the capital stack.
- Aspect and CNNA will manage the design and engineering of the site while a hotel general contractor coordinates the construction process.
- Commonwealth Hotel Management will provide the ongoing management and additional coordination of the hotel flag requirements during the development process.
- The Farnsworth Group will coordinate the local architectural work as well as coordinate with the historical consultants.

In recent calls with members of the Development Team on July 13 and July 18, it was further clarified that Commonwealth’s role in the project was the management of the proposed hotel and it would have a minority interest in the partnership/LLC. The principal of Aspect Architecture & Development would have a 50% ownership interest in the project (and it was not specified whether this would be as an individual, a controlled entity, or other arrangement).

COMPLETENESS OF DEVELOPMENT SUBMITTAL

We reviewed Riverside Lodging Bloomington’s Submittal against City Resolution 2016-19 to assess its completeness. Tables 1 and 2 below show the extent of items submitted.

Table 1: Completeness of Development Submittal

Items Requested	Received/ Reviewable	Partial/ Insufficient to Review	Missing	Comments
1. Evidence of site control	X			Submitted after initial submission. Reviewed by legal counsel in attached memo and summarized below.
2. Letters of commitment from an appropriately experienced and acceptable hotel developer	X			Received management agreement between Riverside and Commonwealth Hotels. Developer experience and resumes have also been submitted.
3. Financing commitments from acceptable lenders, tax credit buyers and cash equity investors		X		Letter from financial broker (New South Capital Inc.) received but limited information available on lender capacity. Entity is a broker, not a lender. No information on historic tax credit buyers provided (\$4.8 million expected). No equity breakdown provided (\$13 million in expected TIF assistance as equity. If loan is 65% of project costs, then balance of project cost after TIF and HTC is \$1,028,201). Proposed structure requires up-front City funding (p. 42).
4. Lease or commitments from appropriate other tenants			X	None received; no updated program indicating retail square feet or number of spaces.
5. Franchising agreement from acceptable hotel brand		X		A management agreement between Riverside Lodging Bloomington LLC and Commonwealth was

				provided. Received a letter of interest from Hilton Garden Inn that is subject to an application, review, etc. (p. 26) - not a commitment or letter of intent.
6. Detailed plans and specifications	X			Received revised floor plans, site plan and project rendering (p. 28-32) but at the same level of detail as provided previously.
7. Construction and development costs prepared in sufficient detail by a general contractor or professional cost estimator		X		No information included that suggests costs were prepared by professional cost estimator or a general contractor (p. 42), or are based on any more detailed due-diligence or design.
8. Revised, final financial projections of net operating income, tax generation and other factors		X		Received operating income projections (p. 44). No public revenue/tax generation information or revised program provided to indicate sales tax revenue assumptions.

In addition to items listed in the Resolution, *SB Friedman* requested the following information:

Table 2: Completeness of Additional Requested Information

Items Requested	Received/ Reviewable	Partial/ Insufficient to Review	Missing	Comments
Performance bond documentation		X		Received example performance bond document from one of the Developer’s previous projects in another city. No letter of interest or intent from a bonding company was provided that would indicate ability of this entity to obtain the bond.
How assistance structure protects the City from potential risk		X		Received a request for up-front funding (\$13 million) from City-backed bond; addressed risk (p. 8) but did not state why up-front bonding is required by the Developer.
Detailed background and designated roles of development partners	X			Received information on the development partners (p. 56-72). Specific references and project contact information were not included.

DEFICIENCIES OF DEVELOPMENT SUBMITTAL

Based on our assessment of the Developer’s Submittal and the items requested in the Inducement Resolution, we have identified the following key deficiencies:

- Evidence of Site Control.** Preliminary review by the City’s Special Counsel raises several issues regarding the terms of the Purchase and Sale Agreement provided. The Developer was made aware of the concerns via conference call and the Developer indicated that they would be able to address the issues raised. Following the call, the Developer sent a memo to the City Manager describing the status of some of the issues and indicating an expectation that they could be resolved. A revised Purchase and Sale Agreement was submitted on July 8, 2016 with no substantive changes. Attached is the summary memorandum by Special Counsel Orr that restates the issues associated with the Purchase and Sale Agreement. Given the above, the original issues raised by the City’s Special Counsel remain a concern.

- **Development Partnership and Roles.** While the Submittal did include information on the parties comprising the LLC, it was not evident that Aspect or its principal or a controlled entity would hold a 50% ownership stake in the project until this information was revealed in a subsequent phone call. The ownership and development experience, and financial capacity, of this partner is not detailed in the Submittal nor was this partner present in any of the meetings or conversations with *SB Friedman* throughout the public review process.
- **Financing Commitment.** There is a lack of evidence of preliminary financing commitment or willingness to finance from a source with demonstrated capacity to do so. Based on our experience and recent discussions with professionals in the financing industry, we believe that at this stage of the project, the Development Team should be able to identify a financial institution (bank, other lender such as an insurance company, REIT, or others) that is willing to be a financing partner and provide a preliminary financial commitment letter. Commitment letters would specify market-typical terms for construction and permanent loan, and the conditions on which the loan closing would be contingent. While the Development Team has provided a letter from an independent broker, the lack of commitment from an established lender is a critical deficiency of the Submittal. In the conference call, the hotelier indicated the ability to provide such a letter, but the subsequent memo to the City Manager did not include further evidence of financing commitments and in subsequent conversations the representatives of Commonwealth reiterated their role was a hotel manager and no further offer was made to provide financing. One of the lead developers indicated during a phone call that the principal of Aspect Architecture & Development would be the guarantor of financing, but no back up information was provided to demonstrate that the principal of Aspect (or his firm) has the capacity or has indicated the willingness or desire to serve as one.
- **Sources of Equity.** The level of Developer equity committed to the project is very low at approximately 2% of the total project development cost of \$52.7 million. Additionally, there is no indication of the source of funds for historic tax credit equity. No evidence is provided that the Developer has established a relationship with a tax credit investor who would support this transaction.
- **Commitment from Hotel Brand.** While Hilton Garden Inn is referenced as the hotel flag, only a “Letter of Interest” was provided. The Letter of Interest from Hilton is only an expression of interest, not a preliminary or full commitment. An application would need to be filed and reviewed by Hilton to obtain a commitment to the franchisee.
- **Budget and Costs.** There is no documentation of costs from a third-party estimator or contractor to confirm the estimated budget. Of particular concern are site acquisition and preparation costs, which appear to be significantly inflated. Appraisals performed by an MAI-certified appraiser engaged by City staff indicate that the three privately held properties (Elk’s Lodge, Commerce Bank and Front ‘N Center) being redeveloped as part of the proposed project are valued at \$914,000. Additionally, in the appraiser’s opinion, the cost of demolition and environmental remediation (due to confirmed and likely presence of contaminants) for the Commerce Bank and Front ‘N Center buildings are likely to exceed the value of land, resulting in a nominal or negative value for the properties as they stand today. This reduces the net valuation of the private owned properties to \$254,000 (assuming costs of demolition and remediation are equal to cost of land for the Commerce Bank and Front ‘N Center buildings).

Value of Privately Owned Properties Being Acquired for the Proposed Project

Address	Property Description	Land Size	Value Type	Value per Square Foot	Total Value
110 N Madison St.	Former Elks Lodge	15,870	As is, Fee Simple	\$16.00 (Building)	\$254,000
120 N Center St.	Commerce Bank Building	22,770	As if Vacant (Demolished)	\$15.00 (Land)	\$340,000
102 N Center St.	Front 'N Center Building	21,315	As if Vacant (Demolished)	\$15.00 (Land)	\$320,000
Total Value of Private Development Sites					\$914,000
Less Potential Costs for Demolition and Environmental Remediation [1]					(\$660,000)
Net Value of Private Development Sites					\$254,000

[1] Note: Appraiser indicated that cost of environmental remediation and demolition is likely to exceed the value of the Commerce Bank and Front 'N Center buildings. *SB Friedman* assumed a cost equal to the property values to estimate a net value of the private development sites.

Value of Publicly Owned Property (Developer is requesting contribution of the property for the Project)

Address	Property Description	Land Size	Value Type	Value per Square Foot	Total Value
301 W Front Street	City's Major Butler Parking	22,770	As is, Fee Simple	\$15.00 (Land)	\$340,000

However, the development pro forma submitted by the Developer shows a value of \$5 million associated with land acquisition – nearly 20 times the net appraised value of the privately owned properties. This also implies that over one-third of the requested \$13 million in financial assistance from the City relates to potential overpayment for property acquisition. While overpayment for land does occur to implement successful urban infill redevelopment projects, this disparity in appraised value and acquisition cost is too high.

REQUIREMENT OF UP-FRONT CITY FUNDING

The development Submittal by Riverside Lodging Bloomington LLC includes a request of \$13 million in up-front City financial assistance and the contribution of the approximately half-acre City-owned parking lot at the northwest corner of Front and Madison Streets (valued at approximately \$340,000). While the Submittal references up-front City bonds to be paid by Tax Increment Financing (TIF) revenues and hotel and sales taxes generated by the project (using a Business District financing mechanism), it does not specifically outline the proposed timing and structure of the assistance. In follow-up conversations and written communications, the Developer has maintained that the finalization of items requested in the Inducement Resolution (such as financing commitments from lenders and tax credit investors, and an executed franchise agreement) could only be completed after the City provided an assurance on the extent and structure of public financing assistance. However, the Developer recognizes that the final execution of a City funding commitment would be subject to execution and completion of items requested in the Inducement Resolution. The Developer has given no indication of the amount of time required subsequent to such a City commitment to otherwise perfect the transaction.

The Developer has indicated that the project cannot move forward nor can they obtain preliminary indications of willingness to finance the project until the City expresses a commitment to support the project. This is suggested to be the “heart of the issue” for the Developer. We believe that it would be appropriate and possible for the Developer to form a team that includes financial institutions willing to express a conditional and preliminary commitment, thus reducing the City’s exposure to potential risk.

SB FRIEDMAN RECOMMENDATION AND NEXT STEPS

Moving forward, we recommend that the City:

1. REJECT THE ASSISTANCE REQUEST FROM RIVERSIDE LODGING BLOOMINGTON LLC

Due to the above deficiencies in the development Submittal, including issues related to sources of financing and site control, and the significantly inflated acquisition price of the privately owned properties that make up the site, we recommend that the City reject the assistance requested by Riverside Lodging Bloomington LLC. We believe the City should continue to explore other development options to help catalyze redevelopment and revitalization of downtown Bloomington.

2. PROCEED EXPEDITIOUSLY TO ESTABLISH A TIF DISTRICT AND PROMOTE DOWNTOWN DEVELOPMENT

- A. Move forward with the establishment of the proposed Downtown-Southwest TIF District in order to facilitate future development.
- B. Continue to foster an open and encouraging atmosphere to promote the development of downtown.

3. IDENTIFY AND PURSUE DOWNTOWN PRIORITIES

- A. Identify priorities to further the revitalization of the downtown, as well as to further the mission and goals of the Downtown Plan and 2035 Comprehensive Plan.
 - As part of this process, the City Manager and staff should coordinate the preparation, with strong stakeholder involvement, of a Downtown Priorities Plan.
- B. After the priorities are identified, a Downtown Action Plan can be prepared by the City Manager and staff to help the City Council achieve the goals identified in the Downtown Priorities Plan.
 - The City Manager and staff should submit regular progress reports for City Council review. The City Council should have continued and frequent discussions regarding the priorities and the progress associated with achieving the goals.

4. REVIEW APPLICATION PROCESS

Review and potentially refine the application process for requests for municipal assistance to encourage development proposals.

This process should include specifications for a formal written submittal that permits the City to vet the capacity of applicants to carry out the project early in the process, and establish the feasibility of the proposal if assisted.

The application process should be as efficient as possible, while still securing the necessary information to vet proposals in order to minimize financial risk and protect the taxpayers of the City.

Although the City will need to maintain a degree of flexibility regarding proposals, core information regarding the proposed developers, project financing, and the capacity and overall experience of the development team should always be required as a base foundation for discussions on any proposal.

5. ADHERE TO CITY STANDARDS AND PROCESSES

Upon establishment of clear vetting criteria for projects seeking municipal assistance, we recommend that the City require and ensure that the established process is followed.

If an application does not meet the standard criteria created by the City and/or the City cannot verify the development team has the necessary experience, capacity or potential for financing a project, the applicant should be notified by the City Manager or City Manager's designee, and staff resources associated with the proposal should be limited.

LAW OFFICE
KATHLEEN FIELD ORR & ASSOCIATES
53 West Jackson Blvd., Suite 964
Chicago, Illinois 60604
312.382.2113
312.382.2127 facsimile

KATHLEEN FIELD ORR
kfo@kfoassoc.com

M E M O R A N D U M

To: David Hales, City Manager for the City of Bloomington, Illinois
cc: Jeff Jurgens; Steve Friedman, Austin Grammer

From: Kathleen Field Orr, Special Counsel

Date: August 1, 2016

Subject: Purchase and Sale Agreement dated April 1, 2016, by and among Front N Center, Consolidated Properties, LLC and Bloomington Downtown Redevelopment Partners, LLC (the "*Original Sales Contract*"), as superseded by a Purchase and Sale Agreement dated June 30, 2016, among the same parties ("*Current Sales Contract*")

I reviewed the referenced Original Sales Contract as well as the Current Sales Contract and have found that the terms of the latter still obligate the Purchaser to acquire property for an unknown purchase price, an unknown date for possession and property control, and unknown conditions of title. It is incomprehensible how a development pro forma can be developed based upon the numerous unresolved issues within the terms of this document. I direct your attention to the following:

1. In Article 2, Section 2.1 of the Current Sales Contract, the Purchaser agrees to pay \$4,000,000 for 110 North Madison, 120 North Center Street and 102 North Center Street (collectively, the "*Property*"), but that price remains subject to adjustments which include (see Article 8):
 - (a) Purchaser to pay all recording fees, escrow fees, taxes on the Deed and any other closing cost "including but not limited to" survey, title commitment and Title Insurance;
 - (b) Purchase price to be increased for all costs and expenses incurred by the Seller as required by the City of Bloomington; and,
 - (c) Purchase price to be increased by any additional expenses incurred by the Seller after July 8, 2015, in excess of \$200,000 but may be decreased if the

expenses of the Seller are less than \$200,000; however, the Current Sales Contract retains the language: “including but not limited to” legal fees, penalties, registration fees, building repairs, etc., at the rate of one hundred fifty percent (150%) of the costs incurred.

2. In Article 3, the Purchaser under the Current Sales Contract agrees to accept title to the property subject to the following:
 - (a) Existing easements and restrictions to title, if any;
 - (b) Any facts shown by a survey, without limitation;
 - (c) The rights of tenants which are not listed nor is there information regarding the area of the property to which a tenant has a right, the lease term and the terms and conditions (including rents) of any such lease;
 - (d) A Restrictive Covenant which prohibits the Purchaser from developing the property as residential units, condominiums or apartments for three (3) years from closing of the purchase; and,
 - (e) Commerce Bank’s Lease in the Commerce Bank Building with no term of the lease or the conditions of the lease.

Article 3 of the Current Sales Contract deletes “the Seller’s Retained Parking Rights” but Article 7 retains the requirement that as a condition of closing the Purchaser must provide an “Agreement as to Commerce parking rights”, the terms of which remain unclear.

The foregoing extensive list of potential restrictions and interests in the property by third parties, as restated in the Current Sales Contract, in the worst case, could prohibit any redevelopment, or in the best case, eliminates the Purchaser’s ability to determine when the Purchaser will have control of that portion of the property which is under lease to the Commerce Bank.

3. Pursuant to Article 4 of the Current Sales Contract, the Purchaser has an extended “Due Diligence Period” to August 30, 2016, in order to give the Purchaser time to obtain municipal approvals “needed [to] satisfy itself with regards to the use of the Property for the Purchaser’s intended use ...”. It must be noted (as stated above) that pursuant to the terms of the Current Sales Contract, the Purchaser may have restrictions on title and existing tenants and leases which prohibit any development for an extended period of time.

Section 4.7 has not been revised and still provides that unless the Seller receives written notice of the Purchaser’s intent to terminate the Sales Contract prior to the expiration of the Due Diligence Period, the Purchaser acknowledges that the Purchaser waives any and all objections to the existing conditions of the property “including, without limit” title conditions, subsurface conditions, solid and hazardous waste, and hazardous substances

on, under, related to or associated with the property. The Purchaser further agrees to assume the risk of all adverse physical or environmental conditions. While the terms of Section 4.7 remain most onerous, given the adjustments to the purchase price set forth in Article 8, the Purchaser would be wise to take the property "as is" because Section 8.3 would require the Purchaser to reimburse the Seller for any and all repairs at the rate of one hundred fifty percent (150%) of the cost.

4. The Current Sales Contract has been revised to provide that the Purchaser, at closing is to receive a "special warranty deed" (no longer a quit claim deed as in the Original Sales Contract) which is not a Warranty Deed as generally required by a purchaser when acquiring property. By definition, a special warranty deed is a deed which warrants title only against defects arising during the Grantor's ownership. Such conveyance is without any warranty of any condition of title to the Property prior to the acquisition by the Grantor.
5. Most onerous are the provisions of Article 9.2 which has not been revised and which Article provides that the Purchaser indemnifies the Seller for all claims arising due to hazardous or solid wastes, hazardous substance including but not limited to petroleum, petroleum products, petroleum wastes, asbestos, polychlorinated biphenyl wastes, or any other substance at the Property. This indemnification is stated to include any claim based upon the Seller's negligence which may have been disclosed to the Purchaser prior to the end of the Due Diligence. This indemnification is to survive the conveyance of the Property without an end date.

Resolution No. 2016-09

**A RESOLUTION IN SUPPORT OF A PROPOSED REDEVELOPMENT PROJECT FROM
BLOOMINGTON DOWNTOWN REDEVELOPMENT PARTNERS, LLC**

WHEREAS, the City of Bloomington, McLean County, Illinois (the “*City*”) is a duly organized and validly existing home rule municipality pursuant to Article VII, Section 6(a) of the Constitution of the State of Illinois of 1970, and as such, may exercise any power and perform any function pertaining to its government and affairs; and,

WHEREAS, the Mayor and City Council of the City (the “*Corporate Authorities*”) have determined that one of their primary goals as a local unit of government is to promote the health, safety and welfare of its citizens by encouraging private investment in industry and business in order to enhance the City’s tax base, ameliorate blight and provide job opportunities for its residents; and,

WHEREAS, Bloomington Downtown Redevelopment Partners, LLC (the “*Developer*”) has proposed the redevelopment of the Commerce Bank and Front N Center buildings into a 129 room hotel, conference center and restaurant cluster (the “*Proposed Project*”) within the City’s “Downtown District,” which Proposed Project could enhance the vitality of the central business district of the City given its strategic location adjacent location to the historic downtown square; and,

WHEREAS, the administration of the City has conducted a preliminary review of the Proposed Project including (collectively, the “*Preliminary Plans*”):

- (a) Preliminary Concept plans for the Proposed Project including floor plans for the hotel and convention center;
- (b) Estimated costs of the Proposed Project including both hard and soft costs;
- (c) A proposed capital structure;

(d) Projected revenues from all sources, including hotel taxes, food and beverage taxes, sales taxes, real estate taxes; and

(e) Projected net operating income;

and,

WHEREAS, the Developer has advised the City that the Proposed Project shall require financial assistance from the City for certain costs to be incurred in connection with the Proposed Project, which costs would constitute “Redevelopment Project Costs” as such term is defined in the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 *et seq.* (the “*TIF Act*”) or “Business District Project Costs” under the Business District Development and Redevelopment Law, 65 ILCS 5/11074.3-1 *et seq.* (the “*BD Act*”) and, therefore, has requested the City to proceed to consider the designation of its Downtown District as a “Redevelopment Project Area” pursuant to the TIF Act and the designation of a “Business District” pursuant to the BD Act; and,

WHEREAS, this Resolution is intended to:

(a) allow the Developer to incur certain costs relating to the Proposed Project that may be considered Redevelopment Project Costs and/or Business District Project Costs prior to the approval of any redevelopment agreement with the Developer;

(b) require the Developer to provide the City with the data hereinafter set forth in order to permit the Corporate Authorities to determine if the Proposed Project is economically viable; and,

(c) allow the costs incurred by the City in connection with its review of the Preliminary Plans, its review of the additional data hereinafter itemized and the designation of a

Redevelopment Project Area and a Business District to be considered Redevelopment Project Costs and/or Business District Project Costs as defined by the TIF Act and the BD Act.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and City Council of the City of Bloomington, McLean County, Illinois, as follows:

Section 1. The City Council hereby directs the City Manager to request the Developer to provide the following data for its review on or before May 31, 2016:

- (a) Evidence of Site Control;
- (b) Letters of commitment from an appropriately experienced and acceptable hotel developer;
- (c) Financing commitments from acceptable lenders, tax credit buyers, and cash equity investors;
- (d) Lease or other commitments from appropriate other tenants;
- (e) Franchising agreement for an acceptable hotel brand;
- (f) Detailed plans and specifications for the development acceptable to the City Manager;
- (g) Construction and development costs prepared in sufficient detail by a general contractor or professional cost estimator; and,
- (h) Revised, final financial projections of net operating income, tax generation, and other factors.

Section 2. The City Council hereby authorizes the administration and its redevelopment consultant to review all data submitted by the Developer to determine appropriate levels of support from the City, if any, necessary to achieve economic feasibility.

Section 3. The City Manager is hereby authorized to initiate the preparation of an Eligibility Report and Redevelopment Plan in order to proceed with the designation of a

Redevelopment Project Area pursuant to the TIF Act and a Business District pursuant to the BD Act covering the City's Downtown District.

Section 4. The City Manager is authorized to initiate such other studies and analyses as necessary to support creation of these districts including without limitation and required appraisals, environmental assessments, and redevelopment consulting costs, all to be reimbursable as eligible Redevelopment Project Costs and Business District Project Costs as permitted by the TIF Act and the BD Act.

Section 5. That the Corporate Authorities may also consider expenditures in connection with the Proposed Project incurred by the Developer prior to its approval of the Proposed Project and the execution of a redevelopment agreement with the Developer, to be expenditures that are Redevelopment Project Costs as defined by the TIF Act and Business District Project Costs as permitted by the BD Act.

Section 6. The City Manager is hereby directed to deliver to the City Council a final recommendation as to the appropriate levels of support from the City, if any, in order to permit the development of the Proposed Project to proceed to completion.

Section 7. That this Resolution shall be in full force and effect from and after its passage and approval as provided by law.

Passed by the Mayor and City Council of the City of Bloomington, Illinois, this 14th day
of March, 2016.

AYES: 8

NAYS: 1 (Alderman Kevin Lower)

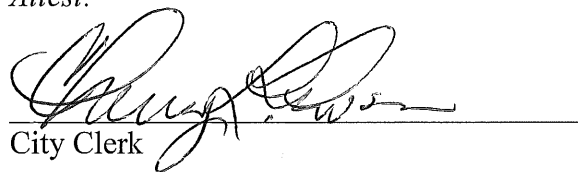
ABSENT: 0

APPROVED:



Mayor

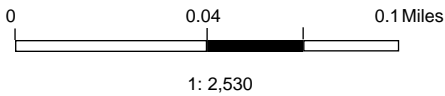
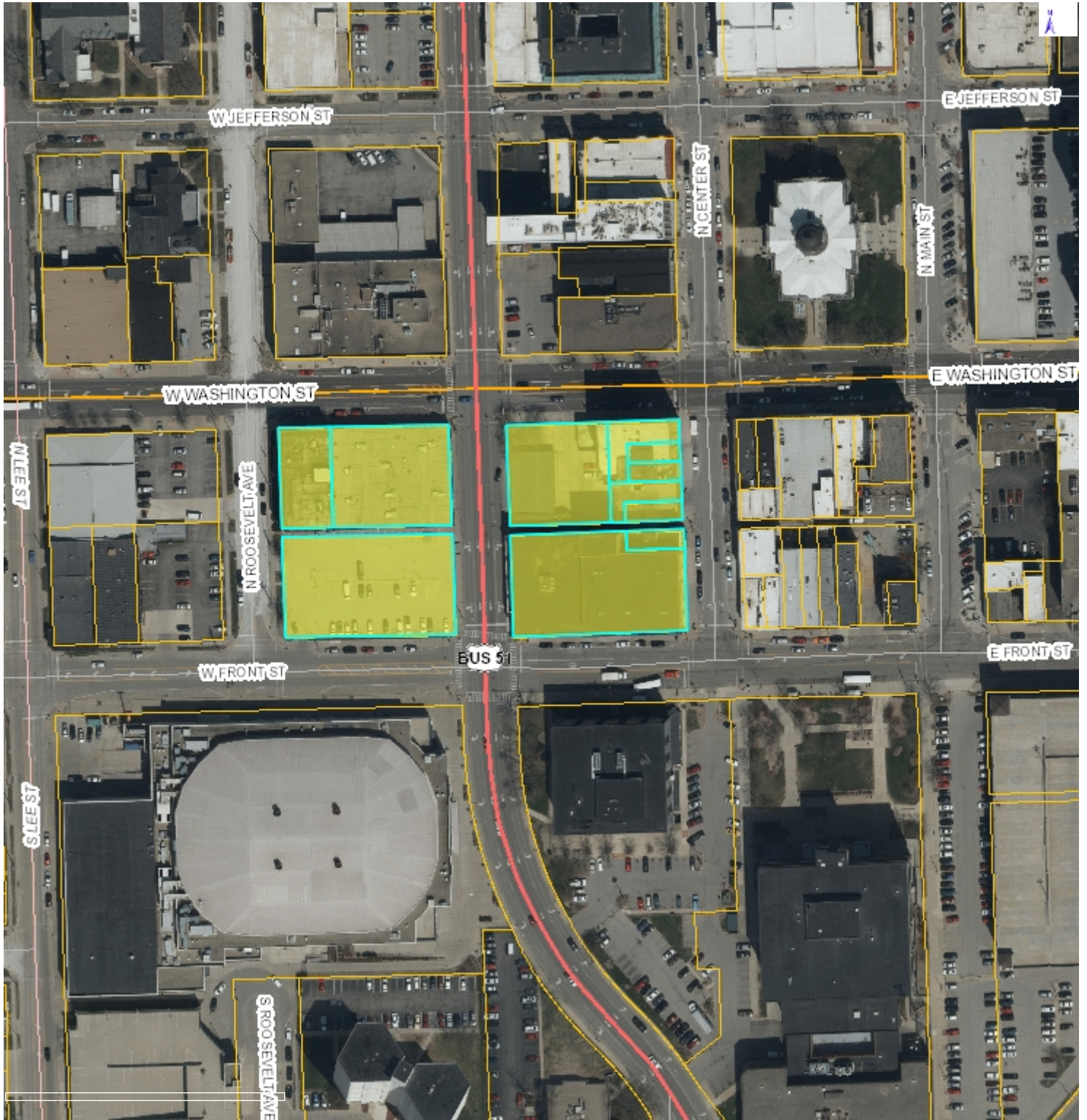
Attest:



City Clerk



BDRP Proposed Redevelopment Site



By using any McGIS products or services, you indicate your acceptance of the Licensing Agreement: <http://www.McGIS.org/License>

Notes

VI. Implementation Strategy

Business Development Goals & Actions

Strategy	Reference Page(s)	Action #	Action	Timing*	Funding Source	Responsible Party
ORGANIZATIONAL/PROCEDURAL GOALS AND ACTIONS						
Implement a Revised Tax Increment Financing Mechanism						
	64	1.1	Negotiate a new TIF structure with other taxing entities	Immediate	n/a	City
	64	1.2	Improve the ease of applying for funds and transparency of how funds are used	Short-term	n/a	City
BUSINESS DEVELOPMENT GOALS AND ACTIONS						
Develop a Catalyst Project that Can Serve as an Additional Downtown "Anchor"						
	27-31, 64	2.1	Pursue public-private development partnership and assistance opportunities	Ongoing	Varies by opportunity	City, DBA
Strengthen Business Recruitment and Retention Activities						
	65	3.1	Employ or contract with an economic development specialist	Mid-term	City	City, DBA
	65	3.2	Provide assistance for start-up businesses and entrepreneurs	Ongoing	n/a	City, EDC, DBA, Chamber
Market and Promote the Unique Brand and Image of Downtown Bloomington						
	65	4.1	Expand the Downtown Bloomington Association's marketing efforts	Ongoing	TIF, BN Visitors Bureau	DBA
	65	4.2	Continue and expand the event programming activities of the DBA	Ongoing	TIF	DBA
	65	4.3	Continue support and coordination efforts for the Farmers Market	Ongoing	DBA	DBA
PHYSICAL ENVIRONMENT GOALS AND ACTIONS						
Protect Downtown's Historic Character and Encourage Appropriate New Development						
	38	5.1	Adopt a zoning overlay that captures the scale and character of historic Downtown buildings and provides appropriate parameters for new development	Short-term	DBA, City	City, DBA
Improve the Perception of Downtown as a Clean and Safe Place						
	66	6.1	Systematize cleaning and maintenance activities	Mid-term	TIF	DBA
	66	6.2	Streamline communication with the City regarding infrastructure concerns such as potholes, cracked sidewalks/curbs, lighting, etc.	Ongoing	n/a	DBA
	56-61	6.3	Implement streetscape recommendations per the Proposed Streetscape Improvements section of the master plan	Ongoing	City	City, DBA
	60	6.4	Create a Downtown Ambassador Program to assist residents and visitors	Short-term	City	DBA
Improve Parking Conditions						
	50-52	7.1	Enact policies to encourage and enhance public parking supplies	Short-term	City	City
	50-52	7.2	Encourage shared private parking supplies through valets and private agreements	Ongoing	Businesses	DBA, Businesses
	52	7.3	Establish a parking broker	Ongoing	Varies	DBA
	51	7.4	Install parking meters in designated locations	Short-term	City	City
Improve Street Circulation and Access to Downtown						
	60	8.1	Install wayfinding signage for parking garages and attractions	Short-term	City/TIF	City; DBA
Connect Downtown to the Constitution Trail						
	55	9.1	Advocate for the connection of the Constitutional Trail to Downtown Bloomington	Ongoing	City, State	DBA, City
Stabilize the Condition of Buildings in the Warehouse District						
	40-41	10.1	Introduce and promote a targeted loan or grant program for the Warehouse District	Mid-term	TIF	City
	40-41	10.2	Educate property owners regarding other funding sources or tax benefits of rehabilitation that Warehouse District property-owners can use	Short-term	TIF	DBA
Continue Façade and Roof Improvement Grants						
	67	11.1	Continue to use TIF funds for façade and roof improvements	Ongoing	TIF	City
Reinforce the Connections Between Downtown and Adjacent Neighborhoods						
	27-31	12.1	Encourage development on sites that will link Downtown with surrounding neighborhoods	Ongoing	City	DBA, City
	67	12.2	Form organizational alliances between the DBA and organizations active in surrounding neighborhoods	Ongoing	DBA	DBA
	67	12.3	Pursue public-private development opportunities with major employers seeking employee housing near offices	Ongoing	City, Employers	DBA, City

*Short-term = 1-2 years, Mid-term = 2-4 years, Long-term = 5+ years; Immediate items must commence immediately, Ongoing items require continuous effort to move them forward

Downtown Bloomington Strategy

Adopted December 9, 2013

Section I.: Goals and Objectives

The goals and objectives below were created, with input from the public as well as the Steering Committee and Technical Advisory Committee, to provide a vision and direction for Downtown Bloomington.

A. Leadership

Goal: Engage strong leadership and achieve consensus on how to maintain, regulate, manage, and redevelop Downtown.

Objectives:

1. Create transparency in the decision-making process to garner community support and to ensure that decisions made are in accordance with the recommendations set forth in this plan.
2. Hold local government and other organizations accountable for the responsibilities assigned to them to implement this plan.

B. Historic Preservation

Goal: Protect, preserve, and restore the historic resources in Downtown.

Objectives:

1. Preserve existing historic Downtown buildings and infill non-historic parcels with buildings of similar character and scale.
2. Promote the restoration of historic buildings through incentive programs.

C. Economic Development

Goal: Build a healthy Downtown economy that offers diverse employment, retail, cultural, and entertainment opportunities.

Objectives:

1. Provide a pedestrian-friendly shopping experience as an alternative to the auto-oriented experience offered by Veteran's Parkway and other regional shopping centers.
2. Develop the Downtown as a destination that will attract regular shoppers and investment.
3. Cultivate start-up businesses and entrepreneurs in the Downtown to keep an emphasis on local businesses and maintain a strong retail core.
4. Promote office and employment uses within Downtown to provide a strong economic base.
5. Build upon the presence of the Bloomington Center for the Performing Arts and the U.S. Cellular Coliseum, as well as various artist galleries, to further enhance the arts and cultural amenities within Downtown.
6. Create attractions within Downtown that will serve as a regional draw for tourism and further enhance interest and investment in the area.

7. Recognize the interdependence of Downtown with its surrounding neighborhoods and work towards the revitalization of those neighborhoods as well.

D. Land Use and Development

Goal: Create a successful mix of land uses, including residential, retail, office, service, and institutional, in the appropriate locations in the Downtown area.

Objectives:

1. Focus retail uses around existing nodes in the core of Downtown, defined as the area contained within Madison and East.
2. Utilize a mixed-use building type for the majority of the commercial core of Downtown, with retail or office space on the ground floor and office or residential space on the upper floors.
3. Preserve existing residential uses and promote new urban housing types.
4. Preserve existing industrial uses and buildings on the south end of Downtown and foster the development of new “craftsman” industrial uses in the area.

E. Urban Design and Aesthetics

Goal: Create a unified aesthetic vision for the Downtown that will encourage investment from developers and business owners and patronage from residents.

Objectives:

1. Implement streetscape and pedestrian and auto wayfinding signage improvements in the Downtown.
2. Create a zoning code overlay for Downtown to preserve and replicate desired physical characteristics.

F. Clean and Safe

Goal: Maintain a clean, attractive, orderly, and safe Downtown.

Objectives:

1. Manage noise, debris, and other negative externalities associated with Downtown businesses.
2. Create an inviting environment that is welcoming and safe.

G. Walkability

Goal: Develop an integrated transportation system that favors pedestrians and cyclists while also providing for the safe movement of people and goods via motor vehicle traffic and alternative transportation.

Objectives:

1. Reconfigure Center Street and Main Street to restore connectivity and ease of use.
2. Utilize the existing public transportation system and actively invest in improvements that will make the system more successful.
3. Incorporate crosswalks and dedicated bicycle facilities where possible to create a safer environment for pedestrians and bicyclists.

H. Parking

Goal: Provide and manage an appropriate amount of parking to realistically meet the needs of residents and businesses without negatively impacting land use, streetscape, and use of transit.

Objectives:

1. Focus parking in strategically placed on-street spaces and parking decks to reduce the negative economic and aesthetic impacts of surface parking lots.
2. With an eye toward future transportation trends, re-evaluate the amount of parking that is needed to accommodate residents and businesses.

City of Bloomington 2035 Comprehensive Plan

Adopted August 24, 2015

Chapter Six: Economic Development – Downtown Bloomington

Guiding Theme: Downtown will be thriving as a unique local attraction and regional destination. It will be the City's cultural hub and entertainment center, with positive and welcoming public spaces appealing to people of all ages for living, working and playing. (p. 84)

D-1. Continue to build a healthy Downtown that offers a range of employment, retail, housing, cultural and entertainment opportunities for all.

- D-1.1 Strengthen business recruitment and retention activities.
- D-1.2 Pursue catalyst projects that can serve as additional Downtown anchors.
- D-1.3 Reinvent the Warehouse District.
- D-1.4 Develop a wide variety of Downtown housing options.

D-2. Market and promote the unique brand and image of Downtown Bloomington.

- D-2.1 Identify and designate gateways to Downtown.
- D-2.2 Expand the Downtown Bloomington Association's marketing efforts.
- D-2.3 Improve wayfinding Downtown.
- D-2.4 Develop and adopt a Downtown signage code appropriate to the area.
- D-2.5 Consolidate retail uses within in the Downtown core.
- D-2.6 Encourage commercial and corporate uses along the U.S. 51 corridor surrounding the Downtown core.
- D-2.7 Continue support and coordination efforts for the Farmers Market.

D-3. Protect Downtown's historic character and encourage appropriate new development.

- D-3.1 Protect the scale and character of historic Downtown and provide appropriate parameters for new development that complements its historic character.

D-4. A clean and safe Downtown.

- D-4.1 Improve and promote Downtown as a clean and safe place.

D-5. Continue to develop a multi-modal transportation network in Downtown.

- D-5.1 Improve parking conditions and access and encourage shared public and private parking supplies.
- D-5.2 Enhance the walkability and bikability within and to Downtown and facilitate access to car-sharing and bicycle sharing services in the Downtown district.
- D-5.3 Enhance the public transit access to Downtown.

D-6. Reinforce the connections between Downtown and adjacent neighborhoods.

- D-6.1 Encourage development on sites that will link Downtown with surrounding neighborhoods.
- D-6.2 Form organizational alliances between the DBA and organizations active in surrounding neighborhoods.
- D-6.3 Pursue public-private development opportunities with major employers seeking employee housing near offices.