

City Council Questions/Comments - June 11, 2012 Work Session & Meeting Agenda
Staff Responses Report – As of June 11, 2012 at 11:46am

Work Session - Joint Meeting of the City Council and Cultural District Commission

Alderman: Robert Fazzini

Questions/Comments:

1. “What is the interest rate on the remaining \$10.7 million bond debt? Is a refinance possible in the near future?”
 - a. **Staff Response:** The interest rates for the 7.9% fixed debt ranges from 3.45% to 4.10%. Staff continues to review refinancing opportunities with all City debt. The \$2.8 million in variable debt ranges from .23% to .30% per week, which averages .26% per month.

2. Corrections to the proposed minutes:
 - Second paragraph first sentence on Page 1, change “their” to “its”;
 - Fifth paragraph first sentence on Page 2, should say “not all shows make money”, “not all show did not make money”;
 - Eighth paragraph, last sentence on Page 2, the word “loose” should be “lose”;
 - Third paragraph third sentence on Page 3, there should be a comma after the word vision;
 - Seventh paragraph last sentence on Page 3 should have an indication of the third goal identified with the number 3;
 - First paragraph third sentence on Page 4 the word “brad” should be “brand”.
 - a. **Staff Response:** Staff will make the necessary corrections to the March 31, 2012 Work Session.

3. In the April 5, 2011 Memo there is an statement in the second to last paragraph that the “original intent in 2000 seems somewhat confusing “regarding the .25% sales tax or a maximum of \$1.5 million being set aside for the Cultural District. Since Dr. Carol Struck, President of Uniquely Bloomington Commission, and I (V.O.P of Uniquely Bloomington Commission), made the presentation to the then City Council, I can assure you there was no confusion. We asked specifically for the .25% sales tax with no maximum dollar amount.”
 - a. **Staff Response:** The intent from the original presenters for the Cultural District was for the .25% sales tax with no maximum dollar amount. What is confusing was the motion and approval and subsequent discussion by the City Council of whether the entire amount of the .25% sales tax would go solely to the Cultural District. In 2002, the City Council removed any doubt by voting to cap the amount at \$1.5 million annually.

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CITY COUNCIL AGENDA QUESTIONS/COMMENT-JUNE 11, 2012

Alderman: Robert Fazzini

Item 7K: Consent Agenda –“Application of Midas Restaurant Solutions, LLC d/b/a Parke Hotel & Conference Center, located at 1413 Leslie Drive., requesting an RAS liquor license which would allow the sale of alcohol by the glass for consumption on the premises seven (7) days a week”

Question/Comment: “I need to pull 7K because of my previous involvement in the financing of the Parke Hotel, while President of Busey Bank”

Staff Response: N/A

Alderwoman: Karen Schmidt

Item 7O: Consent Agenda –“Petition submitted by Unitarian Universalist Church of Bloomington-Normal requesting approval of a Special Use for the property located at 1613 E. Emerson St.”

Question/Comment: “I will be recusing myself from 7O, as I am a member of the Unitarian Universalist Church.”

Staff Response: N/A

Alderman: Bernie Anderson

Item 7Q: Consent Agenda –“Petition from Nova Enterprises, Requesting Approval of a Final Plat for the Towanda Barnes Business Park, Twenty-Second (22nd) Addition”

Question/Comment: “I am reading between the lines on 7Q and it says that everything is generally in conformance. What does “generally” mean?”

Staff Response: The only item on the final plat that does not directly correspond to what is shown on the preliminary plan is the lot widths. It is common practice to allow adjustments of the lot lines in commercial subdivisions to meet the unique needs of the individual business owners/investors. The street layout, lot depth, and public improvements remain the same.

Alderwoman: Karen Schmidt

Item 7R: Consent Agenda –“Petitions from Illinois Wesleyan University requesting approval of a Vacation for a portion of an existing Alley and Dedication of a New Access and Utility Easements”

Question/Comment: “I am employed by Illinois Wesleyan University, so I will be recusing myself.”

Staff Response: N/A

Alderman: Robert Fazzini

Item 8A: Regular Agenda –“Economic Incentive Agreement-Ashley Furniture”

Question/Comment: “I appreciate the thoroughness involved in having a conversation with Tom Martin owner of Martin Furniture who moved his business from Normal to Bloomington while I was his banker with NO INCENTIVES from Bloomington. We should all recognize the way a free market system works in theory as any Economics major in College would, but we live in the real world where competition dictates that adjustments are needed to survive in the real world. Incentives are a reality we must manage and deal with in a logical manner. I still believe that Ashley Furniture needs to review the numbers of a purchase versus a lease in these long term low interest rate times. I would volunteer to help with this comparison of lease versus buy. I still believe we need to protect the City regarding a default in the lease prior, to maturity. If the first option of a bond or letter of credit is too costly, then let me offer another option. Have our Attorney prepare a promissory note with a security agreement accompanied by a USS-1 filing at minimal cost to use (no cost to Ashley Furniture) that at least establishes the City as a priority lien holder in case of bankruptcy.”

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Staff Responses:

1. Purchase versus Lease of Distribution Center. Mr. Bruegge has identified an existing facility within the Town of Normal which meets his distribution business needs; no such facility exists in the City of Bloomington and building would delay the opening of this proposed venture.
2. Corporation Counsel Todd Greenburg responded, “Regarding Alderman Fazzini’s suggestion of a promissory note with a security agreement – I disagree (and so does Attorney Kathleen Orr) that this would not involve any cost to Ashley Furniture – it would show on their financial statements and could impair its ability to obtain financing. In my opinion (as well as Attorney Orr), if we were representing Ashley Furniture the addition of such a provision would be a “deal-killer”. In addition, there are the problems of trying to re-negotiate this agreement in the time allotted and the question of what property is to be used as security for the agreement-Ashley Furniture will be leasing the premises and the manufacturers will have a superior security interest in the furniture stock itself. Finally, the Town of Normal did not attempt to obtain a letter of credit or a security interest in its recent incentive agreement with Dan O’Brien.”

Alderman: Mboka Mwilambwe

Item 8A: Regular Agenda –“Economic Incentive Agreement-Ashley Furniture”

Question/Comment: “I would appreciate a discussion at Council about what exactly maintaining a positive line of communication with existing and similar businesses entail.”

Staff Response: The City Manager will have future discussions with the City Council on this matter.

Alderwoman: Judy Stearns

Item 8A: Regular Agenda –“Economic Incentive Agreement-Ashley Furniture”

Question/Comment: “How much (dollar figure) did we spend so far for Kathleen’s Orr’s Legal work and the other consultant on the Ashley Furniture Project? What will the dollar figure—actual number—be on the projected property tax impact? I expect a range of possible numbers.”

Staff Response: As of 2:10pm on June 11, 2012, Staff has not received an invoice from Attorney Orr. Staff is not aware of any additional consultants on this project. Property tax income is more difficult to estimate. Staff can provide statistical information which shows that from the highest property tax reporting year in 2006 to the current year, there is a difference of \$14,400 that could be collected in additional property tax income/year if Colonial Plaza were to return to a fully operational and productive center. Over the course of the five (5) year incentive period, this would translate into an additional \$72,000 in property tax revenue; similarly, it would mean another \$144,000 in property tax revenue over the course of the ten (10) year lease agreement.

Alderwoman: Judy Stearns

Item 8B: Regular Agenda – “Presentation regarding Accountability Report regarding Worker’s Compensation, Property Casualty and Liability Insurance”

Question/Comment: “On the insurance presentation—great news, and quite understandable from reading, so how long will the presentation be? I am working out of town tomorrow and will need to leave Bloomington extremely early, so given our 4:30 pm start, wonder whether we will be concluding before 10:00 pm in your best guess.”

Staff Response: The insurance presentation by Mike Nugent should be no more than 15 minutes. According to the Agenda’s estimated time limits, the meeting should be concluding around 8:30 pm. Realistically, staff sees the meeting adjourning around 9:00 pm.

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CITY MANAGER DISCUSSION ITEM-2012 ACTION AGENDA PLAN

Alderman: Robert Fazzini

Question/Comment: “Should we not add the CDARS Program for investing excess city funds daily that would earn the city approximately \$100,000 more annually than it is currently earning with the current investment option?”

Staff Response: The Finance Department will review the banking relationship over the next few months. The Certificate of Deposit Account Registry Service (CDARS) program will be one program the City will include as part of this analysis and a potential future RFP for future banking services for the entire City.

GENERAL COMMENTS

Alderman: Bernie Anderson

Question/Comment: “I would like to again request that when seeking payment approval, we show the balance if at least the remaining percentage. 7G is an example of a budget that will run a negative balance. Percentage of balance would work best.”

Staff Response: The BCPA budget is not projected to run an operating deficit due to the \$450,000 increase in general fund transfers. Finance staff will review how to best show the information you are requesting.

Alderman: Mboka Mwilambwe

Question/Comment: “I also have a similar request to Bernie’s, which would be to show (for each anticipated purchase) the percent expended for that budget we are pulling from. It would also help to know (whenever possible) whether or not the item came in below or above our projections (I have seen this more consistently for larger items we send to bid. If I missed it or there is a good reason for not including it, please let me know)?”

Staff Response: Finance staff will review how to best show the information you are requesting.

Prepared by: Barbara J. Adkins, Deputy City Manager