

## SPECIAL SESSION CITY COUNCIL MEETING

City Hall - Fishbowl Conference Room  
109 East Olive Street, Bloomington, IL 61701  
Monday, June 18, 2018; 5:30 PM

### 1. Call to Order

The Council convened in Special Session in the City Hall Fishbowl Conference Room, at 5:30 p.m., Monday, June 18, 2018. The meeting was called to order by Mayor Renner.

### 2. Roll Call

Mayor Renner directed City Clerk, Cherry Lawson to call the roll and the following members of Council answered present:

Aldermen Joni Painter, Diane Hauman, Mboka Mwilambwe (Absent), Scott Black, Jamie Mathy (by phone), Kim Bray, Karen Schmidt, David Sage, Amelia Buragas and Mayor Tari Renner.

Staff present: Steve Rasmussen, Interim City Manager; Jeffrey Jurgens, Corporation Counsel; Cherry Lawson, City Clerk; Nicole Albertson, Human Resource Director; Bob Mahrt, Community Development Director; Austin Grammer, Economic Development Coordinator; Scott Rathbun, Interim Finance Director; Brian Mohr, Fire Chief; Scott Sprouls, IS Director and other city employees in attendance.

### 3. Public Comment

There were no comments offered.

### 4. Presentation of Certificates to the Spring 2018 Bloomington 101 Participants.

Mayor Renner awarded certificates to the graduates of Bloomington 101.

### 5. Presentation, discussion, and possible action on a Resolution outlining the City's Guidelines for the utilization of Tax Increment Financing and the City's utilization of Tax Increment Financing as an Economic Development Tool, as recommend by the City's Community Development Department - Office of Economic Development. *(Recommend the Resolution outlining the City's Guidelines for the utilization of Tax Increment Financing be approved, and the Mayor and City Clerk be authorized to execute the necessary documents.) (Presentation by Jeffrey Jurgens, Corporation Counsel 15 minutes, Council discussion 15 minutes.)*

Mayor Renner provided an overview of this item and deferred to Mr. Jurgens, Corporation Counsel for a presentation on the item.

Mr. Jurgens stated there are representatives from both Unit 5 and District 87 attending the meeting. We did give notice to all the taxing bodies that we were going to be discussing and potentially

acting on this item. Staff wanted to provide a quick update as to some of the changes that have been made in the resolution. We did incorporate some of the whereas language that had been suggested by District 87 including that we now, you know, have some language in there specifically recognizing the vital importance of public education and their commitment to the area. That we recognize that the ability to raise revenues is limited for a lot of these taxing bodies and some other language like that.

As to some additional substantive changes, we added in that, you heard a lot of discussion at the last meeting about how our policy was essentially to ensure that we were only going to TIF properly that has a declining EAV or a zero property value assessment. A lot of that had been implied. After that meeting and all of that discussion, we decided to specifically put in that language that required that as part of our guidelines. So that has now been added in there. We also added language that we would notify any taxing body at least 48 hours in advanced before the City Council takes final action on any TIF-related items to ensure that they're provided with ample notice and they're aware of some of the actions being taken.

The school district asked for that to be changed to three (3) business days; staff does not have any concern with that. In the final version that is for consideration, it has been changed to include the three business days. The only item that remains in dispute is that last Subsection eight. The language in the Council memo that the school district is included, and city staff is recommending. This matter concerns whether the city can provide an upfront guarantee or whether, as the city staff believes, we need to review each TIF individually in each agreement, individually in each project individually. That is where the difference is between the two of us.

Specifically, we believe that this policy is sending a message that it is going to be the economic tool of last resort in the City of Bloomington, that we recognize that it may have certain impacts on the other taxing bodies and we want to limit that to the extent possible. This policy sets up a new ground work for communication and coordination between the school district, and other taxing bodies, to help make sure that there is good communication and that we are looking at ways to mitigate any impacts that these agreements may have or the TIFs may have.

During the last meeting, there was some conversation about adding language about prevailing wage or the project labor agreements. It's our intent to bring that back in the future with some additional language that talks about those types of project labor agreements within TIF as that language could be added to our entire economic development guideline.

Barry Reilly, Ph.D., Superintendent, Bloomington District 87 Schools stated he appreciates the work of Mr. Jurgens, Mr. Rasmussen, Attorney John Pratt, who represents the school district. I do also appreciate what it takes to make academic development work and the school district definitely plays a role in that. However, we don't look necessarily at this resolution as a guarantee, that part that Mr. Jurgens was talking about. We look at it as limiting the impact on the district. He has heard and seen information that touts District 87 as the only taxing body that has shared any concern about this.

Regardless of the Council's decision, it is their intention to move forward and work with the City, and make this the absolute best community. Their goal is to reduce the impact on the school district that a TIF may carry. Twenty years is a long time, the TIFs that have been put in place have been

for 23 years. The proposed resolution as is presented, is not one that District 87 supports, but we will work closely with you to make the best of that situation.

Mark Daniel, Superintendent Unified 5 District reiterated Dr. Reilly comments stating though we are a partnership, we do work together to create solutions. We all know the importance of growing our community. He is interested in being creative, as an example, as we worked with Brent in their abatement structure, we asked for roughly 50% of that abatement to be returned to us in some kind of in-kind services. Perhaps that's something to explore in the future. We are at an age where there is more and more of how do we create incentives for businesses to come, and know how important those businesses are to sustaining our property taxes, growing our businesses, and our retail.

As Dr. Reilly stated, we are always interested in having that communication and we would like to always offer that as a way for us to sit down and have this discussion. What you've done to adjust we are very appreciative of that.

Alderman Bray stated it has to do with economic development, it has to do with business income. When you take a look at your proposed differences in Section 8, you are looking for some guarantor money to compensate or reimburse the taxing body for the property tax revenue. When the TIF development does not give back the money that you need to sustain the school, would you say that a lot of that is driven by residential development versus business development? Dr. Reilly asked for clarification of the question posed by Alderman Bray.

Alderman Bray stated if a TIF is created, that tax treatment is given to a developer and that developer steps in instead of creating a business concern, a repay, or something of that nature, instead creates residential space. Do you find that is your pain point particularly?

Dr. Reilly stated there is actually means to recoup some of that. In other words, if there are residential areas within a TIF district and that causes kids to be added to the roles, there is a means to be able to get some money. Now, it will not equal the cost per student that we have, but it is something. Most of what we have experienced, certainly in the recent ones, the Empire Street Corridor that's more retail than it is residential.

Alderman Bray replied stating if it's residential that includes students that would attend your school, that there will be a funding gap and this is what's potentially, this is one piece, that's potentially driving your ask for the guaranteed funds back from the city? Dr. Reilly stated that is one piece of that, but not all of it, but that's one piece, sure.

Alderman Bray stated this proposal of guaranteeing money back to the schools, has any other city or any other district or school area implemented something of this nature? Reilly stated he has no knowledge of that. Mr. Daniel stated we have just gone through this process recently with Normal, and extended that TIF in the area in Uptown with the idea that the total area, just a block or a very small segment of that was expanded. The reason being they will continue to expand all of it but they will reimburse us for that excess surplus for the non-dedicated area. He said it was a creative way to construct it, and that it doesn't expire until 2026. If there is any kind of surplus that is not being used in infrastructure, that those dollars would be then earmarked to return to the schools.

Alderman Bray stated she is not likely to support a guarantee of the nature that is being proposed

as it would obligate the city would. We should find a place where we can both benefit from the development and the use of TIF.

Mr. Reilly stated though he does not disagree with Alderman Bray, he believes it will be critical for Council to scrutinize proposed TIFs very closely. We want economic development, growth that helps this community thrive and all of us benefit in the end.

Alderman Black stated something needs to be put in writing that states that similar to what the school district has proposed through District 87. He is okay with an amendment as the City could be presented with some amazing project, where an open-minded conversation and perhaps compromise could occur. He does not see any problem with being cognizant and making sure that the schools are taken cared of because if the schools don't do well, we don't do well.

Mr. Renner stated many different businesses we know need different things. When Hy-Vee came to town, they wanted three liquor licenses. Council had never given three liquor licenses. Well, they were going to spend \$20 million, and all they want was three liquor licenses, one for their gas station, one for their restaurant, and one for their grocery store. There were some people that were upset about that. At the end of the day, it did not cost the City of Bloomington anything. We did have in fact a controversial vote on the City Council of seven to two vote many years ago on the Ovation Cinema. All they wanted was one liquor license. Green Top Grocery, a different type of facility. There was no TIF used there whatsoever. It obviously is going to depend upon the nature of the type of project that comes forward and we're trying to do this as surgically as possible. I think this does codify some of our previous practices, but also helps us to give some assurance to school districts who may have a memory of a 54 block TIF that was not terribly transparent, to put it charitably.

Alderman Sage referenced Section D (v), it talks about the annual reporting to the taxing districts. Is there some value, some merit, in terms of assigning who is responsible for delivering that annual report so that there is some accountability? Mr. Jurgens stated that would likely be the Community Development Director, Bob Mahrt, as that would be a part of the process. Alderman Sage suggested as a follow-up to Dr. Reilly having a collective oversight with the TIFs.

Mr. Mahrt stated it is part of the resolution...Section D (v), review each redevelopment project annually and report to the taxing district in writing as to the availability of surplus funds and the intended use of surplus funds. We would normally have this annual review as part of the Joint Review Board Meeting and at that time, we would be discussing each individual TIF that we have. Right now, we have two working TIFs and are looking at a proposed TIF for the Downtown East Washington Street. When we go to the discussion during the Annual Joint Review Board Meeting, we can go into those redevelopment projects specifically, and provide that information to the taxing districts during that meeting.

Mr. Mathy stated just to Alderman Sage's point, I would like to ensure that Council receives a copy of that annual report.

Alderman Buragas asked whether the majority of the presented document except for the competing language and subsection D8, that both the city and the school districts are supporting the language there except for that one subject section? Mr. Jurgens stated that is correct.

Alderwoman Buragas asked about the structure all redevelopment plans under project areas that implement the TIF Act to provide that the taxing districts benefit along with the private developers. What is the intent here in terms of benefit along with the private developers?

John Pratt, Attorney from the law firm Pratt and Pratt in Bloomington stated their problem with TIFs is the lengthy duration of the agreements. He asked that the Council not approve a 23 year TIF agreement. Let's do something other than 23-year all-in TIFs. There are no guarantees; however, rather than that relatively arbitrary 23-year period, let's use a smaller period, or let's have the payback to the school districts faster than 23 years. Let's reduce the amount of the tax rate that goes into the TIF. Let's say just a percentage of District 87 tax rate, of course, all the other taxing bodies as well.

Alderman Buragas asked if it is the intent within the proposed language to in any way limit the City's options or to guarantee a specific result, not knowing what the particular project is.

Mr. Pratt said no as he believes all parties can figure this out for the benefit of the community as a whole. We want to find out what is necessary to fund the shortfall of the development project as demonstrated by the developer. District 87 would like the focus to be on all of us, on the taxing bodies.

Alderman Buragas stated given that Section 8 as proposed the School District is intended to increase the number of options we have. Do you believe the staff's recommended the language in any way limits our options? Mr. Pratt makes a good point that it focuses on a specific option, but do you believe it limits our options.

Mr. Jurgens replied stating the concern that staff has is that language starts with the, *"We will structure all redevelopment plans and our project areas that implement etc. to benefit along with the private developers buy."* He thinks it is the language that talks about structuring all of those like that. If the intent is to add language ahead of that such as, *the City strive the structure all redevelopment plans or something like that.* We do not want to include language that will be later questioned.

Mr. Renner commented on the way that we structure the language. One of the reasons why we do not want to put an actual number in there (like 18 years or something) is because the future is uncertain. We don't know what projects are going come forward; however, we will make sure that it is limited to only what the project demands.

Alderman Buragas stated flexibility is the key, however, the discussion about our focus is also very compelling, the notion that we want to make sure what we do benefits the community. The idea of including that language in there very compelling as we can without tying our hands or making or limiting our options, but at the same point, make a pretty powerful statement in this document about the goals that we all have for this economic development.

Mr. Weber stated each project has to be reviewed on a case by case basis and the merits of that project. If it does not require the balance as the life of the TIF to make it work, you make it work for 10 years or 12 years, or whatever the Council deem plausible. We would need to negotiate each of those deals on a case by case basis.

Mayor Renner our staff does not necessarily just revert to 23 years for a specific project within the TIF. Mr. Weber replied stating the City does not have 23 years anymore. As the projects come forward two, three, and four, you cannot do a 23-year TIF. There is not much time left.

Alderman Bray stated in considering the comments from Mr. Pratt, is there a remedy for the staff's version of the resolution in regards to Section 8 that could shift the singular focus from developers where it says, as demonstrated by the developer, and instead say as demonstrated by the stakeholders. The provision would read, limit the term of redevelopment agreements and otherwise ensure that the amount of any incentives to a private developer be limited to the minimum amount necessary to fund the shortfall of the redevelopment project as demonstrated by stakeholders in order to proceed with the redevelopment project.

Mr. Jurgens stated Mr. Pratt has indicated that they are willing to discuss potential language changes.

Mayor Renner as Alderman Buragas suggested, we wanted to hear from the taxing bodies but not necessarily rewriting a contract or rewriting an agreement on the floor.

Alderman Bray stated it is a good idea to have this discussion as we have our community leaders in attendance.

Alderman Black asked Mr. Jurgens regarding District 87's version of their proposal. Five years from now a developer comes forward with a great project that may require a 23-year TIF. At that time, does the City position itself to negotiate a workable solution that would be best for the schools, the city and economic development efforts.

Mr. Jurgens stated our concern is when it says, structure all, that we understood that to kind of be the ask. Staff really need direction from the Council as to where you want us to go with this. If you want that red line in the sand drawn or if you want some flexibility. This is what this school district wanted. They wanted that kind of, that red line. They have said there might be some exceptions to that. If there is a clear warehouse district or something like that. Generally, the school district is looking for the City to say, we are not going to do anymore 23-year TIFs.

Alderman Black stated the intent which is spelled out in a number of points throughout the resolution is that we are committed to working with the school district to find compromising common ground in some of these issues and to make sure that some of the financial impacts is mitigated to a district.

Mr. Renner asked for a motion on this item as the allowed budgeted time had been exhausted.

**Motion by Alderman Black that Council approve with District 87's suggested text in lieu of our, what was in, Section D8... The motion dies for a lack of a second.**

Alderman Buragas asked Mr. Jurgens whether he could work with Mr. Pratt and District 87 to revise the language in paragraph 8 to address some of the concerns discussed. Mr. Jurgens stated he could bring this back for Council consideration at the next meeting as the Council has expressed

its goal of having a policy in place before the Washington TIF is created. Council needs to be comfortable with the language and that it is clearly understood what is being requested.

Mayor Renner asked whether there is a motion on this item.

**Motion by Alderman Buragas seconded by Alderman Painter that staff go back and try to clarify the language of paragraph Section D8 and come back with a final, final version at our next meeting.**

**Ayes: Aldermen Bray, Hauman Mathy, Schmidt, Black, Buragas, Sage, and Painter.**

**Nays: None**

**Motion: Carried**

6. Review of the Downtown East Washington Street Redevelopment Project Area Tax Increment Financing Redevelopment Plan, as requested by the Community Development Department. *(Presentation and discussion only.) (Presentation by Bob Mahrt, Community Development Director, 15 minutes, Council discussion 15 minutes).*

Mr. Mahrt stated under the direction of Interim Manager, Rasmussen had requested staff to provide a general overview of the Downtown East Washington TIF. It is important to know that we had a public hearing some months ago and are at this threshold of having to take action or to look at re-advertising for a new public hearing.

The next proposed TIF that is being brought before the City Council is the Downtown East Washington Street Redevelopment Project area. On the west side of this four and a half block TIF is the North Gridley Street on the east side that is bordered on North Evans. On the north, it's the frontage along Jefferson Street and on the south, it is on East Front Street. Some of the major landmarks within this area are the former high school property, the Lafayette Apartments, and then that would be on the southeast corner of Jefferson and Gridley is the City of Refuge Church.

Some of the surface parking lots in that area are owned either by State Farm, the Methodist Church or PNC Bank in that immediate area. Also, the owner of the former high school property also has that parking lot on the north east corner of Jefferson.

In June 12 of 2017, the City authorized the Redevelopment Agreement between the City and Iceberg Development Group for the redevelopment of the former high school building at 510 East Washington Street. This date and time is important because the City did execute a redevelopment agreement with the developer on this particular project. There is a pending responsibility on the City to implement this TIF as part of that project.

On that same evening, the City Council approved the ordinance for PGAV to conduct a Feasibility Study and draft a Redevelopment Plan for this area. In February (2018) of this year the Redevelopment Plan was placed on file and the City Council approved an ordinance scheduling the public hearing. He was not aware of the level of communication that the City was anticipating

as he was fairly new to the City. Tonight was a culmination of the continued discussions with both the taxing districts, city staff and our City Council.

In March, at the Joint Review Board (JRB) Meeting, the JRB provided advisory recommendation to approve the redevelopment plan and the public hearing was actually held on April 9th, 2018. At that time, Mike Weber did make a presentation on the TIF Redevelopment Plan. He will provide an overview of the East Washington Street Redevelopment Plan.

On June 25th, City staff had intended to bring forward to Council three ordinances. One was to adopt the TIF Plan and Redevelopment Project. The second ordinance designates the TIF area, and the third ordinance adopts the TIF for the area. In accordance with the TIF Act, you have to approve the ordinances or take action on the ordinances within not less than 14 days, no more than 90. We are at this threshold of time from our April 9th meeting to hit that 90-day threshold of not requiring us to go back to the public hearing process. Council would need to take some action on those three ordinances, or direct staff to restart the process.

Mike Weber, PGAV Planner from Saint Louis, Missouri, the City's TIF Consultant provided a brief overview stating the impetus for this East Washington or Downtown East Washington TIF was the first project that came about that was driving this effort and that was the Iceberg Development proposal for the old high school building or a former high school building, which later was a junior high school, has a long history. It's a pretty substantial building. It's in pretty tough shape and it's going to be very expensive to bring it back to life. The proposal at hand involves low-income housing tax credits, which Council was aware of when it approved that Redevelopment Agreement. That Redevelopment Agreement showed the Illinois Housing Development Authority, City and the local community had a commitment with doing a project like this. Those tax credits are very competitive and it's the only way you can make a project like this work.

From a proforma analysis standpoint, this project is a low-performer so you need like 80% equity in the project and 80% of that equity is coming from tax credits. TIF only represents two percent (2%) of the deal. It was the commitment of the TIF that help them get the tax credits. If the City chose not to follow through on its agreement with the developer and not approve the TIF it is questionable whether or not those tax credits would be withdrawn or not. However, it would shed a dim light on the community of getting future tax credits for other projects. What really is at hand in terms of approving this particular TIF district is that first project. That doesn't tie the City hands as to what the deals would be and other properties. The City had some interest in some other properties that included the properties that were acquired by the city, including the old Coachman Hotel site by a development entity that wanted to do some other mixed market rate and assisted rate housing there.

Mayor Renner asked for clarification on the project that Mr. Weber referred to was not going request any TIF money. Mr. Weber stated yes. There were some initial proformas on it and the rents just does not support the redevelopment cost. Given the nature of the church and significance of the architecture, we hope that TIF would help to close that gap and include it as part of that project; thus making it an asset as opposed to a liability.



Alderman Painter questioned whether the TIF has to be inclusive of the whole area as oppose to just including the old junior high where that the development project is moving forward and if something comes up in the periphery, then expand it. Mr. Weber stated the City does not have to include the entire area. The City can do a project by project basis that has to be at least one and a half acres, but cannot be any smaller than that. The City would not necessarily have to approve this TIF for that exact boundaries. You can always take property out.

Mayor Renner questioned whether it could expand even after it is removed and approved. Mr. Weber replied by ordinance.

Alderman Hauman asked why the church was included in the TIF. Mr. Weber stated because of the condition of the City of Refuge Church, and the possibility that it will become vacant. The Methodist Church is not included in the TIF, only part of their parking lot.

7. Discussion and direction on an Ordinance Amending the City Code to Clarify Provisions on Agenda Management. *(Discussion and direction only.) (Presentation by Jeffrey Jurgens, Corporation Counsel 15 minutes, Council discussion 15 minutes.)*

Mr. Jurgens stated as the Council may recall last October of 2017, it started the discussion on Agenda Management and staff have been working internally to try and come up with some different ways to address and more formalize how we set the agenda and talk about various issues in the City.

The City Manager would be responsible primarily for setting the agenda, putting on the agenda, the things that he believes to be in the best interest of the City. In addition to that, initiatives of the Alderman or the Mayor can also be placed on the agenda using what we called the Agenda Initiative Process. The Mayor also reserves the right to direct the placement of items on a regular meeting agenda. However, the Mayor also utilize this Agenda Initiative Process for non-routine matters or proposals. A city-elected official may wish to bring forward a specific proposal, and some examples up here include the expenditure of money that's not in the budget, may be City Code amendments, policy changes, specific ordinances or resolutions, creation of a committee, or revising a committee, or redirection of staff priorities would do so by initiating the Agenda Initiative Process. The form requires an Alderman or the Mayor to complete providing the proposed initiative, estimate the city staff time to research and propose it for a council memo on it, the estimated cost of the proposed initiative, whether it would require a budget amendment and what city programs or staff activities would be cut or reduced in lieu of the proposed initiative. Then it would be brought forth at the Committee of the Whole Meeting for discussion and direction to City staff.

Alderman Sage stated there had been many discussion on this item with the City Manager and during three on one meetings. Mr. Rasmussen stated there had been. After much work and discussion, the final presented version is a document that all of Council could work with.

Mayor Renner asked what was being solved with this new process.

Alderman Bray expressed her support for taking control of our agendas so that we become more efficient and effective in our meetings so that we're dedicating staff time and the resources that we have in a very intentional manner. She expressed her appreciation to Mr. Jurgens for the work that was put into developing this ordinance.

Alderman Hauman expressed her concern for having to complete the Agenda Request form in the former format.

Alderman Black asked suppose one Alderman or the Mayor bring forward a proposal and it could be voted down by the City Council at that point in time at the Committee of the Whole, is there a timeframe before such topic would have to come back?

Mr. Jurgens replied there is not anything in the current ordinance although he has seen some communities that does that. They'll say if something is defeated, it can't come back for another six months or something like that.

Alderman Painter expressed her support in this item as it would allow Council to have some control over lengthy Council Meetings on a regular basis.

Alderman Mathy stated Council has a problem with it for a long time that this solves is, this gives a "calendar" of what our discussions are going to be for the next month for the residence of the community. He has received numerous complaints since being on council that people did not know we were talking about subjects. With this new process, if we voted that yes, we are going talk about something in an upcoming meeting that may likely come forward at a future Council Meeting. If the item is important to you as a resident and you have comments, you have time to get with your Alderman or get your thoughts out or come to the meeting and present public comment. This is the step in the direction of providing better transparency to allow folks that opportunity to participate in their government.

Mayor Renner stated one of the things he and the previous City Manager had talked about was when he had a plan, he would have a plan out for a couple of months. The concern was Council would have an expectation that the item would appear on a certain date, and sometimes they did not appear on certain dates because there may be situation here where we have to shift something back and forth due to scheduling.

Mr. Rasmussen stated a good example of that is the fact that we very much wanted to talk about the Downtown Work Plan, the amount of money that is in that, and how you want to prioritize that, but in the middle of that, this big discussion of TIF came up, which took a lot of staff time and so we simply had to move that back. By using this plan, Council will see that it is there and has been moved down as we have other more pressing priorities.

Mayor Renner stated his only concern as Mayor is that as a structural change, and it is, is what its implications are. We can be transparent with this, it seems to put a Mayor in a situation as a legislator. The Mayor is a member of Council, but a Mayor is also an executive. A Mayor does not usually have a vote, Mayor has a veto, and mayor has other kinds of issues. Structures are for the long term and structures are any time they're changing who has what authority to do what and....

**Motion by Alderman Schmidt seconded by Alderman Bray to approve the ordinance as presented.**

**Ayes: Aldermen Bray, Hauman Mathy, Schmidt, Black, Buragas, Sage, and Painter.**

**Nays: None**

**Motion carried.**

8. Adjournment

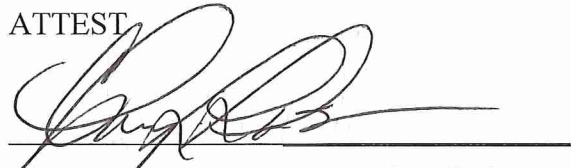
**Motion by Alderman Schmidt seconded by Alderman Bray to adjourn the meeting. Meeting adjourned at 6:54 PM.**

CITY OF BLOOMINGTON



Tari Renner, Mayor

ATTEST



Cherry L. Lawson, C.M.C., City Clerk