

**REGULAR CITY COUNCIL MEETING SESSION
PUBLISHED BY THE AUTHORITY OF THE CITY COUNCIL
OF BLOOMINGTON, ILLINOIS
MONDAY, AUGUST 24, 2015; 7:00 P.M.**

1. Call to order

The Council convened in Regular Session in the Council Chambers, City Hall Building, at 7:00 p.m., Monday, August 24, 2015. The meeting was called to order by Mayor Renner.

2. Pledge of Allegiance to the Flag

The meeting was opened by Pledging Allegiance to the flag followed by a moment of silent prayer.

3. Remain Standing for a Moment of Silent Prayer

Mayor Renner requested those present to remain standing for a moment of silent prayer.

4. Roll Call

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

Aldermen: Kevin Lower, David Sage, Diana Hauman, Amelia Buragas, Scott Black, Joni Painter, Mboka Mwilambwe, Jim Fruin and Karen Schmidt.

David Hales, City Manager; Cherry Lawson, City Clerk; and Jeffery Jurgens, Corporate Counsel; Steve Rasmussen, Asst. City Manager; and other city staff were also present.

5. Public Comment

Mayor Renner opened the meeting to receive Public Comment. He added that there would not be a response from the City under the Public Comment portion of the meeting.

Mayor Renner noted that eleven (11) Public Comment Cards were received.

The following individuals provided comments during Public Comment:

Bruce Meeks
Donna M. Boelen
Alton Franklin
Jamie Mathy
Alan Langrall
Brandi Brown
Gary Lambert

Katie Novak
Roger Day
Judy Stearns
Martin Krylowicz
Melanie Shellito
Clayton Matteson
John W. Heckle

6. Recognition/Appointments

The following was presented:

Item 6A. Appointment of Patricia Stiller to the Cultural District Commission

7. “Consent Agenda”

Alderman Fruin requested Item 7D, be pulled from the Consent Agenda for discussion.

Motion by Alderman Schmidt, seconded by Alderman Hauman to approve the Consent Agenda as presented with the exception of Item No. 7D:

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

Nays: None.

Motion carried.

Item 7A: Consideration of approving the Council Proceedings of August 10, 2015

Motion by Alderman Schmidt seconded by Alderman Hauman that the reading of the minutes of the previous Council Proceedings of August 10, 2015 be dispensed with and the minutes approved as printed.

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

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

Nays: None

Motion carried.

RECOMMENDATION/MOTION: That the reading of the minutes of the previous Council Proceedings of August 10, 2015, be dispensed with and the minutes 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: The Council Proceedings of August 10, 2015 have been reviewed and certified as correct and complete by the City Clerk.

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

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

COMMUNITY GROUPS/INTERESTED PERSONS CONTACTED: Not applicable.

FINANCIAL IMPACT: Not applicable.

Respectfully submitted for Council consideration for approval.

Prepared by: Cherry Lawson, City Clerk

Recommended by:

David Hales,
City Manager

The following was presented:

Item 7B: Consideration of approving Bills and Payroll.

Motion by Alderman Schmidt, seconded by Alderman Hauman that the Bills and Payroll be allowed and orders drawn on the Treasurer for the various amounts as funds are available.

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

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

Nays: None.

Motion carried.

RECOMMENDATION/MOTION: That the bills and payroll be allowed and orders drawn on the Treasurer for the various amounts as funds are available.

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.

FINANCIAL IMPACT: Total disbursements to be approved \$5,148,405.41. (Payroll total \$2,255,304.77 and Accounts Payable total \$2,745,862.06).

Respectfully submitted for Council consideration.

Prepared by: Patti-Lynn Silva, Director of Finance

Recommended by:

David Hales
City Manager

The following was presented:

Item 7C: Consideration of approving an Appointment to the Cultural District Commission.

Motion by Alderman Schmidt, seconded by Alderman Hauman that Patricia Stiller be appointed to the Cultural District Commission.

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

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

Nays: None.

Motion carried.

RECOMMENDATION/MOTION: That Patricia Stiller be appointed to the Cultural District Commission.

STRATEGIC PLAN LINK: Goal 4. Strong neighborhoods.

STRATEGIC PLAN SIGNIFICANCE: Objective 4e. Strong partnership with residents and neighborhood associations.

BACKGROUND: I ask your concurrence in the appointment of Patricia Stiller of 305 W Monroe, #5, Bloomington, IL 61701 to the Cultural District Commission. She will be fulfilling the unexpired term of Alex Cardona who was appointed to the Library Board on August 10,

2015. Patricia's term will be effective immediately and expire 4/30/16. Application is on file in the Administration Office.

COMMUNITY GROUPS/INTERESTED PERSONS CONTACTED: Mayor contacts all recommended appointments.

FINANCIAL IMPACT: None.

Respectfully submitted for Council consideration,

Prepared by: M. Beth Oakley, Executive Asst.

Recommended by:

Tari Renner
Mayor

The following was presented:

Item 7D: Consideration of approving an Ordinance Amending the FY2016 Budget to approve a Bid Contract in the amount of \$188,100 with PIPCO Companies Ltd for the replacement of the Fire Sprinkler System in the Bloomington Police Department Garage (Bid #2016-20). PULLED FROM THE CONSENT AGENDA

Motion by Alderman Schmidt, seconded by Alderman Hauman that the Ordinance Amending the FY 2016 Budget be approved, the prices and Contract with PIPCO Companies Ltd for replacement of the Fire Sprinkler System in the Bloomington Police Department Garage through Bid 2016-20 in the amount of \$188,100 be approved, and authorize the Mayor and City Clerk to execute the necessary documents.

STRATEGIC PLAN LINK: Goal 2. Upgrade City Infrastructure & Facilities.

STRATEGIC PLAN SIGNIFICANCE: Objective 2d. Well-designed, well maintained City facilities emphasizing productivity and customer service.

BACKGROUND: In May 2014, multiple leaks in the dry sprinkler system occurred and considerable corrosion in the pipes was observed during repairs. At the July 14, 2014 meeting, Council approved a Contract with Henneman Engineering, Inc. to perform a thorough investigation of the fire suppression system in the Police Department Garage, prepare a condition assessment report and, if necessary, prepare plans and specifications for sprinkler system repairs or replacement. As indicated in their attached report, replacement of the entire sprinkler system was recommended. The fire suppression system in the Police Department Garage is a dry sprinkler system. During normal conditions, the system is charged with compressed air to minimize moisture buildup, maintain system integrity and help identify leaks. The garage is composed of two (2) levels. The lower level is approximately twice the square footage of the upper level. A soffit and conditioned ceiling space makes up half of the lower level and that portion of sprinkler

system runs above ceiling. The exposed piping is Schedule 10 and the piping above the soffit is Schedule 40.

Henneman Engineering, Inc. completed the dry sprinkler system replacement plans and specifications and the project was released for bids on July 20, 2015. On August 7, 2015 at 10:00 AM, five (5) bids were publicly opened and read. A summary of the bids is below and the Plan Holders list and Record of Bid Opening are attached. The Base Bid involves replacement of the system with standard sprinkler piping. Alternate 1 includes upgrading the sprinkler piping to galvanized, which is more resistant to corrosion. Staff recommend including the Alternate in the project.

BIDDER	BASE BID	ALTERNATE 1	TOTAL BID
PIPCO Companies Ltd	\$175,200	\$12,900	\$188,100
Automatic Fire Sprinkler	\$228,680	\$7,400	\$236,080
F.E. Moran, Inc.	\$242,920	\$4,200	\$247,120
Prairie Fire Sprinkler	\$249,900	\$13,980	\$263,880
Superior Fire	\$236,300	\$30,000	\$266,300

PIPCO Companies submittal is complete and in conformance with the City's procurement policies. Their submittal included references which were contacted as part of the evaluation process. Contacted references provided positive reviews of PIPCO Companies project performance and quality.

COMMUNITY GROUPS/INTERESTED PERSONS CONTACTED: This work was advertised in The Pantagraph on July 20, 2015 and pre-bid meetings were held in the Police Department Administration Office at 2:00 p.m. on July 28, 2015 and 9:00 a.m. on July 31, 2015.

FINANCIAL IMPACT: A budget amendment in the amount of \$188,100 is necessary to raise the General Fund Transfer-To Capital Improvement Account (10019180-89410), increase the Capital Improvement-From General Fund Account (40100100-85100) and pay for the project out of Capital Improvement-Buildings Account (40100100-72520). See Exhibit 1 for details.

Respectfully submitted for Council consideration.

Prepared by: Russel Waller, P.E., Facilities Manger

Reviewed by: Stephen Rasmussen, Assistant City Manager

Financial & budgetary review by: Chris Tomerlin, Budget Analyst
Carla A. Murillo, Budget Manager

Legal review by: Jeffery R. Jurgens, Corporation Counsel

Recommended by:

David A. Hales, City Manager

The following was presented:

Item 7E: Consideration of review and analysis of a Proposal and Approval of a Contract with Corrective Asphalt Materials, LLC in the amount of \$75,000 for Pavement Preservation FY 2016 (Bid No. 2016-22)

Motion by Alderman Schmidt, seconded by Alderman Hauman that the formal bidding procedures be waived and the unit prices and Contract with Corrective Asphalt Materials, LLC for the Pavement Preservation FY 2016 Program through Bid No. 2016-22 in the amount of \$75,000 be approved as a sole source provider, and authorize the Mayor and City Clerk to execute the necessary documents.

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

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

Nays: None.

Motion carried.

RECOMMENDATION/MOTION: That the formal bidding procedures be waived and the unit prices and Contract with Corrective Asphalt Materials, LLC for the Pavement Preservation FY 2016 Program through Bid No. 2016-22 in the amount of \$75,000 be approved as a sole source provider, and authorize the Mayor and City Clerk to execute the necessary documents.

STRATEGIC PLAN LINK: Goal 2 - Upgrade City Infrastructure and Facilities; Goal 4 - Strong Neighborhoods; Goal 5 - Great Place – Livable, Sustainable City.

STRATEGIC PLAN SIGNIFICANCE: Objective 2a - Better quality roads and sidewalks; Objective 4d - Improved neighborhood infrastructure; Objective 5a - Well-planned City with necessary services and infrastructure.

BACKGROUND: The Pavement Preservation program was bid in 2011. The sole bidder in 2011 was Corrective Asphalt Materials, LLC. Prior to widespread utilization of Reclamite, City staff researched pavement preservation products and performed field testing to compare Reclamite and a promising competitor. The field test locations are still monitored periodically by staff. Please see attached photos showing a recent review of the McLean Street test area. This research and the test location results have been used to determine that Reclamite is the recommended rejuvenator. In addition, Reclamite cures clear and does not obstruct existing pavement markings. Other products cure black and require pavement marking maintenance.

At the January 28, 2013 meeting, Council directed the Public Works Department to negotiate the 2013 Pavement Preservation Program. As has been done since 2011, the City's Pavement

Preservation FY 2016 program was negotiated with Corrective Asphalt Materials, LLC as a sole source provider. The Reclamite Preservation Seal materials are proprietary and Corrective Asphalt Materials, LLC is the sole source distributor / applicator for our region.

Reclamite is an emulsion made up of specific petroleum oils and resins. It penetrates into the top layer of asphalt pavement and brings the Maltene and Asphaltene ratio back to a proper balance. The rejuvenating process keeps the pavement flexible, so both cracking and road fatigue are reduced. It also seals the pavement from air and water, slowing the oxidation process and reducing the loss of small aggregate.

This type of treatment is designed to keep the good streets good. Streets are treated with Reclamite the same year they are resurfaced to get the maximum benefit from the Reclamite. The streets scheduled to be treated under this contract are shown on the attached maps.

The FY 2016 negotiated prices are as follow –

Rejuvenator – Reclamite (see note below)	\$ 54,395.75
Street Sweeping and Cleaning – Before Treatment	\$ 2,100.00
Street Sweeping and Cleaning – Final Cleaning	\$ 3,500.00
Resident Notification	<u>\$ 1,200.00</u>
Total	\$ 61,195.75

Engineer’s Estimate	\$ 70,295.25
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Note – the unit price for Reclamite (\$0.85/SY) remains at the FY 2015 negotiated level.

FY 2016 Local Motor Fuel Tax (LMFT) Funding Distribution	\$ 75,000.00
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The FY 2016 Local Motor Fuel Tax (LMFT) funding has been allocated as follows –

<u>Local Motor Fuel Tax (LMFT) Funding Distribution</u>	
General Resurfacing FY 2016	\$1,160,000
Street & Alley Repair FY 2016	\$765,000
Pavement Preservation FY 2016	\$75,000
Sidewalk Replacement & Handicap Ramp Program FY 2016	\$400,000
Total City LMFT Funds	\$2,400,000

COMMUNITY GROUPS/INTERESTED PERSONS CONTACTED: Not applicable.

FINANCIAL IMPACT: The \$75,000 requested for approval is included in the FY 2016 Budget in the Capital Improvement Fund-Street Construction & Improvement Account (40100100-72530). Stakeholders can locate this in the FY 2016 Proposed Budget Book titled “Other Funds & Capital Improvement Program” on pages 74, 199 and 231.

Respectfully submitted for Council consideration.

Prepared by: Robert Yehl, PE, Assistant City Engineer
Reviewed by: Jim Karch, PE, CFM, Director of Public Works
Reviewed by: Steve Rasmussen, Assistant City Manager
Financial & budgetary review by: Chris Tomerlin, Budget Analyst
Carla Murillo, Budget Manager
Legal review by: Jeffrey R. Jurgens, Corporation Counsel
Recommended by:
David A. Hales
City Manager

The following was presented:

Item 7F: Consideration of approving a corrected Property Tax Abatement Resolution and Agreement for the redevelopment of 407-409 West Washington.

Motion by Alderman Schmidt, seconded by Alderman Hauman that the Resolution and corrected Property Tax Abatement Agreement for the redevelopment of 407-409 West Washington by Haney Plumbing & Rental be approved and authorize the Mayor and City Clerk to execute the necessary documents.

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

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

Nays: None.

Motion carried.

RECOMMENDATION/MOTION: That the Resolution and corrected Property Tax Abatement Agreement for the redevelopment of 407-409 West Washington by Haney Plumbing & Rental be approved and authorize the Mayor and City Clerk to execute the necessary documents.

STRATEGIC PLAN LINK: Goal 3: Grow the Local Economy; Goal 4: Strong Neighborhoods; Goal 5: Great Place – Livable, Sustainable City; Goal 6: Prosperous Downtown Bloomington.

STRATEGIC PLAN SIGNIFICANCE: Objective 3a. Retention and growth of current local businesses; 3c. Revitalization of older commercial homes. Objective 4b. Upgraded quality of older housing stock; 4c. Preservation of property/home valuations. Objective 5c. Incorporation

of “Green Sustainable” concepts into City’s development and plans; 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: This is a housekeeping effort to correct a prior Council approved Property Tax Abatement Agreement with a revised but originally intended set of figures.

During a review of active property tax abatement agreements earlier this year, an error was identified in the property tax abatement agreement for the 407-409 West Washington (Haney Plumbing & Rental) redevelopment project. The property tax abatement agreement for the subject property was approved by the City Council at its January 27, 2014 meeting. The redevelopment project commenced shortly thereafter and concluded as required by the agreement in April of 2015. The property tax abatement agreement required a minimum documented investment of \$970,632. Based on receipts provided to City staff by the developer, the actual redevelopment investment totaled \$1,234,143.76. This represents an additional \$263,511.76 investment in the subject property above and beyond what the developer originally proposed and planned.

The calculations for the property tax abatement incentive called for property taxes levied by all of the taxing bodies, payable in the years 2017-2021, to be abated over and above the combined annual sum of \$4,000.00. The agreement that was approved by the City Council on January 27, 2014 incorrectly called for the abatement of "that portion of the real estate taxes levied by the City against the Subject Property over and above the sum of \$4,000.00." Based on the calculations that were performed by staff at the time the agreement was drafted, the wording for the City's property tax abatement agreement should have read "...over and above the sum of \$538.95." The January 27, 2014 council memo and supporting incentive application packet detailed the correct calculations for the City's portion of the property tax abatement. Unfortunately, an error was made during the drafting of the agreement.

Comparison Between January 27, 2014 and August 24, 2015 Agreements		
	January 27, 2014 Agreement: “City to Abate Property Tax Over and Above”:	August 24, 2015 Agreement: “City to Abate Property Tax Over and Above”:
Year One:	\$4,000.00	\$538.95
Year Two:	\$4,000.00	\$538.95
Year Three:	\$4,000.00	\$538.95
Year Four:	\$4,000.00	\$538.95
Year Five:	\$4,000.00	\$538.95

The full detail of the incentive application and property tax abatement incentive that was proposed and approved at the January 27, 2014 City Council meeting can be viewed on the City's website at this link:

<http://www.cityblm.org/modules/showdocument.aspx?documentid=6221>

The Office of City of Bloomington Township Assessor will be completing its post renovation assessment of the subject property later this year and the new full assessed value will be reflected in the 2016 property tax bill payable by the developer in the year 2017. Therefore, the City Council still has time to correct the error in the January 27, 2014 property tax abatement agreement by way of the City Council approving the corrected agreement presented tonight.

Attached to this memo is the December 17, 2013 National Development Council Memo recommending property tax abatement as a tool to make the redevelopment project feasible, a concise overview of the property tax abatement calculations, and the revised Resolution and Property Tax Abatement Agreement.

COMMUNITY GROUPS/INTERESTED PERSONS CONTACTED: In addition to appropriate Department Heads and representatives from Public Works, PACE, Finance, Fire, Water and Police all having received the information and been invited to a comprehensive discussion on the application, the National Development Council, Downtown Bloomington Association, and Assessor for the Town of the City of Bloomington have been partners throughout the incentive application process. In addition to conducting informal meetings and communications with the aforementioned entities, the property tax abatement agreement will also be considered by the following committee and boards: McLean County Finance Committee, District 87 School Board, Bloomington Normal Airport Authority Board, McLean County Board, Heartland Community College Board, Bloomington, Public Library, City of Bloomington Township Board, and the Bloomington Normal Water Reclamation District Board.

FINANCIAL IMPACT – PROPERTY TAX ABATEMENT: According to the National Development Council, which conducted a full financial analysis of the developer and the project in question (including a three year review of personal and business financial statements), this incentive is necessary to make the project financially viable. As proposed, this arrangement serves to strengthen the project's financial position by filling the identified financial gap.

As structured (based on 2012/2013 Tax Year Data), the proposed five year property tax abatement agreement protects the taxing bodies by guaranteeing that they will collect the existing pre-project level of property taxes (estimated to be \$7,818.85) *plus* an additional increment equal to \$12,181.15 over the five year term of the proposed abatement agreement (\$20,000.00 total).

Staff believes the proposed property tax abatement is worthy of consideration by the Council. But for the proposed property tax abatement, this renovation project would not have taken place.

Respectfully submitted for Council consideration.

Prepared by: Austin Grammer, Economic Development Coordinator

Reviewed by: Tom Dabareiner AICP, Community Development Director

Financial & budgetary review by: Chris Tomerlin, Budget Analyst
Carla A. Murillo, Budget Manager

Legal review by: George D. Boyle, Assistant Corporation Counsel

Recommended by:

David A. Hales
City Manager

The following was presented:

Item 7G: Consideration of approving an Ordinance Suspending Portions of Section 701 of Chapter 31 and Section 26(d) of Chapter 6 of the City Code for a Wedding Luncheon at Davis Lodge on September 13, 2015.

Motion by Alderman Schmidt, seconded by Alderman Hauman that the Ordinance Suspending Portions of Section 701 of Chapter 31 and Section 26(d) of Chapter 6 of the City Code for a Wedding Luncheon at Davis Lodge on September 13, 2015 be approved, the Mayor and City Clerk authorized to execute the necessary documents.

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

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

Nays: None.

Motion carried.

RECOMMENDATION/MOTION: That the Ordinance Suspending Portions of Section 701 of Chapter 31 and Section 26(d) of Chapter 6 of the City Code for a Wedding Luncheon at Davis Lodge on September 13, 2015 be approved, the Mayor and City Clerk authorized to executed the necessary documents.

STRATEGIC PLAN LINK: Goal 5. Great place – livable, sustainable City.

STRATEGIC PLAN SIGNIFICANCE: Objective 5.d. Appropriate leisure and recreational opportunities responding to the needs of residents.

BACKGROUND: The Bloomington Liquor Commissioner, Tari Renner, called the Liquor Hearing to order to hear the request of Ann and Dennis Vercler to allow moderate consumption of beer and wine at their son's September 13, 2015 wedding luncheon to be held at Davis Lodge.

Present were Commissioners Tari Renner, and Jim Jordan. City staff present were Asst. Corporation Counsel George Boyle, Asst. Police Chief Wheeler and Chief Deputy Clerk, Renee Gooderham.

Absent: Commissioner Tompkins.

Ann Vercler addressed the Commission. She stated that Baxter's would cater the beer and wine and Lake Road Inn would provide the food. Beer and wine only would be served.

Motion by Commissioner Jordan, seconded by Commissioner Renner that the request of Ann and Dennis Vercler to allow moderate consumption of beer and wine at their son's September 13, 2015 wedding luncheon to be held at Davis Lodge be approved.

Motion carried, (viva voce).

COMMUNITY GROUPS/INTERESTED PERSONS CONTACTED: The Agenda for the August 11, 2015 Meeting of the Liquor Commission was placed on the City's web site. There also is a list serve feature for the Liquor Commission.

FINANCIAL IMPACT: None.

Respectfully submitted for Council consideration.

Prepared by: Renee Gooderham, Chief Deputy Clerk
Reviewed by: Brett Lueschen, Interim Water Director
Reviewed by: George D. Boyle, Assistant Corporation Counsel
Recommended by:
Tari Renner, Mayor

The following was presented:

Item 7H: Consideration of approving an Ordinance Suspending Portions Of Section 26(D) Of Chapter 6 And Section 701 Of Chapter 31 of the Bloomington City Code To Allow Possession Of Open Alcohol On Public Property During The ZooDo To Be Held At The Miller Park Zoo And Pavilion on September 12, 2015.

Motion by Alderman Schmidt, seconded by Alderman Hauman That the Ordinance be adopted Suspending Portions Of Section 26(D) Of Chapter 6 And Section 701 Of Chapter 31 of the Bloomington City Code To Allow Possession Of Open Alcohol On Public Property During The ZooDo To Be Held At The Miller Park Zoo And Pavilion on September 12, 2015.

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

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

Nays: None.

Motion carried.

RECOMMENDATION/MOTION: That the Ordinance be adopted Suspending Portions Of Section 26(D) Of Chapter 6 And Section 701 Of Chapter 31 of the Bloomington City Code To Allow Possession Of Open Alcohol On Public Property During The ZooDo To Be Held At The Miller Park Zoo And Pavilion on September 12, 2015.

STRATEGIC PLAN LINK: Goal 5. Great place – livable, sustainable City.

STRATEGIC PLAN SIGNIFICANCE: Objective 5d. Appropriate leisure and recreational opportunities responding to the needs of residents.

BACKGROUND: For many years, the Miller Park Zoological Society held its Annual Gala at Bloomington Country Club. The event has consisted of a catered dinner and silent auction with proceeds helping to support both education and capital development projects. In 2008, the event was renamed ZooDo and moved back to Miller Park. Alcohol will be served by a cash bar for this event.

The 2015 event is being planned to occur within the Zoo's grounds with Times Past Inn providing food and alcohol service. In case of inclement weather, the event will be moved indoors to the Pavilion. The event is scheduled for Saturday, September 12, 2015 from 4:00 P.M. until 10:00 P.M.

Section 26(d) of Chapter 6 and Section 701 of Chapter 31 of the Bloomington City Code prohibit the possession of open containers of alcohol on public property and the sale and possession of alcohol in the parks, respectively.

COMMUNITY GROUPS/INTERESTED PERSONS CONTACTED: Miller Park Zoological Society.

FINANCIAL IMPACT: The ZooDo fundraising goal is \$50,000 to assist with future capital improvements to the Zoo.

Respectfully submitted for Council consideration.

Prepared by: Andrew Coffey, Support Staff IV

Reviewed by: Jay Tetzloff, Director - Parks, Rec. & Cultural Arts
George Boyle, Corporation Counsel

Recommended by:

David A. Hales
City Manager

The following was presented:

Item 7D: Consideration of approving an Ordinance Amending the FY2016 Budget to approve a Bid Contract in the amount of \$188,100 with PIPCO Companies Ltd for the replacement of the Fire Sprinkler System in the Bloomington Police Department Garage (Bid #2016-20). PULLED FROM THE CONSENT AGENDA

Motion by Alderman Fruin, seconded by Alderman Lower that the Ordinance Amending the FY 2016 Budget be approved, the prices and Contract with PIPCO Companies Ltd for replacement of the Fire Sprinkler System in the Bloomington Police Department Garage through Bid 2016-20 in the amount of \$188,100 be approved, and authorize the Mayor and City Clerk to execute the necessary documents.

Alderman Fruin stated that he has not received any financial benefits from any of the individuals referenced this item. That he was not informed on this item, and have to entrust City Staff in their recommendations as this is a project where there will be a fire sprinkler system contained within a concrete structure—parking garage. He needs some clarification on whether there is too much government... The City is looking at spending \$188,100 on a dry sprinkler system to protect vehicles. Council need to begin to look at its code and other requirement as the projects can become very expensive for the City.

Mr. Hales stated that the sprinkler system not only protect equipment, but also protects police officers or anyone that is in the parking garage. There has been damage to police vehicles. The City is attempting avoid a situation whereby a fire would destroy City property. The current system within the garage is non-operational. Although it is a dry system, it becomes activated when there is a need, at which time it becomes fully operational with water.

Alderman Lower, spoke in support of this item, and stated it was proper for Alderman Fruin to have the item pulled as Council needs to ask those questions for clarification. This is a security issue with a department and a function unlike any other city government office that deals with people, unlike other offices, and have to secure equipment like no other department.

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

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

Nays: None.

Motion carried.

8. “Regular Agenda”

Item 8A: Consideration of approving an Ordinance Requiring Any Newly Earned Sick Leave Buyback for Grandfathered Employees Be Paid after the Employee Leaves or Retires from the City, or alternative option.

Motion by Alderman Hauman, seconded by Alderman Lower that the ordinance, requiring newly earned unused sick leave hours be paid after the employee retires or leaves the City, be postponed for 60 days.

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

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

Nays: None.

Motion carried.

Mr. Jurgens presented a PowerPoint overview on the Sick Leave Buy Back Program, stating that this has many complexities to it as you begin to look at the impact to pensions and employees who have been grandfather into the system who have looked forward to these benefits—this program dates back to 1995. It creates a lot of complexities for the City, as referred to in the Council Memo. This has been a long process. In the first quarter of 2014, the City began to receive some of these higher accelerated payments bills which came to the attention of the Finance Department, from which they began to ask questions and look into the payments. The Legal Department became involved with this issue. In 2014, the Legal Department began working with IMRF to look at some options as well as explore and possibly negotiate those options. Essentially, this is something that has been occurring that City staff has been working on for some time. Due some of the complexities with this, the City has not had a great option to bring forward to the Council. The City tonight as the beginning point of discussion on this matter with Council, whereby the City would like to publically discuss some of these issues with Council. Hopefully, staff will receive feedback and answer questions that Council may have.

Mr. Jurgens referenced the materials in the packet, stating the Sick Leave Buyback Benefit program is one that the City has tried to discontinue for some time. He reviewed the handouts for this item.

Regarding the Police and Fire Department employees still have Sick Leave Buyback benefits for both new hires and existing employees; however, it is treated differently than that of other City employees. They have a different pension system, and it does not create a pension benefit for them. While they still have Sick Leave Buyback that is not a part of the conversation tonight.

The Eligibility Criteria for Grandfathered Employees is the same for classified employees as well as the union employees that have this benefit. It is for anyone that retires or leaves the City with 75 years of combined service and age, with a minimum of 15 years of continuous service. Most of the retiring employees receives their Sick Leave Buyback benefit paid into a Health Savings Account, so it is not actually a cash benefit. However for Union 699, they elected some time ago to have it as a cash benefit. Everyone else has it placed into a Health Savings Account. The City believes it has approximately 250 grandfathered employees that came to the City before May 1, 2012 that still works for the City, and could one day be eligible for this benefit. That total does not include Library employees, as they are under a different set of Personnel Policies. At this time, we are only referring to the City of Bloomington employees. Even though there are approximately 250 employees, there are about 60 employees who are eligible for the benefit. So of those within that number may have already used some or nearly most of their sick leave benefits. There is really no liability associated with them. Some of them are unlikely to be with the City the entire 75 years in order to meet that 15 years of continuous service. The 250 employees is a worst case scenario; however, it is not believed that the City will have that many retiring at one time.

The effects of this benefit as discussed in the Council memo, is by spreading this benefit out over a three month period, it helps to avoid the 125% Rule: Cannot exceed 125% of highest IMRF earnings of any other month in final rate of earnings period. They review this so as to avoid any enhancement paid benefits. It has to be under the 125% rule; however, by spreading it out, it increase that final rate of earnings. That is when the Accelerated Payments comes into effect. In 2012 specifically, you have to pay the current value of the benefit. That is the issue that the City has been grappling with some of these long term employees who have been retiring and using that structured payout. The structured and sick leave buybacks is triggering these increased payout amounts.

The proposal that is before the Council is to treat newly earned sick leave differently than that already earned by City employees. That newly earned sick leave as of September 1, 2015, would be paid after retirement—approximately two months after that final pay period. That way, it does not constitute any IMRF earnings. The City would still pay the employee that amount; however, it would not have any IMRF benefits associated with it.

Mr. Hales stated that he met with City staff this afternoon who were members of the IMRF and others to come and receive information regarding the proposed changes to this benefit. He provided a summary of those questions and concerns that were expressed by City staff regarding this benefit.

Alderman Hauman stated that she did attend the meeting with the employees and noted that this was a very emotional issue for employees, that it may be premature for the Council to take action on this item this evening.

Alderman Fruin stated that he had hoped for a longer period of time before this item return to Council, but would support the motion as presented.

Alderman Black, inquired what information would the City be looking for in that time frame of 60 days. He asked whether the City is looking at receiving more feedback from the City employees—the goal of the 60 days?

Alderman Hauman, it would show that Council is graciously extending time for employees to absorb and process the information as they were just presented the information on Friday, and on this agenda for Council's consideration. Additionally learning of the cost for this benefit to the City and the employees.

Alderman Black stated that he does believe that the City is moving a bit too quickly on the item and requested to have scenarios brought back in that time frame to Council of the outcome for different employees. It would be to the Council advantage to receive comments from the employees that have not been filtered. It is important for the employees to know that the Council is listening to them.

Alderman Lower, believes that the Council is acting too quickly on this measure; however does not want to hesitate for any length of time to vote on this item as it may allow for another opportunity for a spike. He believes that there needs to be some strong conversation regarding this measure. He asked Mr. Hales for clarification: When did he become aware of the law that took place in 2012, and was available to our current employees so that they had the ability to spike their pensions.

Mr. Hales stated that as early as 2014 the City began to see invoices. IMRF said they would like for the City to start paying these accelerated payments. Those invoices began to grow, especially as we have some seniors, not only as our staff, but an employee of Sorling Northrup retirement specialist to look into it. It was brought to the City's attention, as well as others, that in 2012 the City lost out on an opportunity as there was a six (6) month window after the law had passed. That during that time, all cities had an option to pay these enhancements or in pension earnings in present value or accelerated payments, or pay it to IMRF over time at a high interest rate. That is important to point out as you may pay it either way, but at least it provides the City with the opportunity to say, if you want to postpone it and pay interest on it, you can roll it into your rates. He stated that he was not aware of it in 2012, but was brought to the City's attention in 2014. Last fall, he had authorized a letter to IMRF asking if they would reconsider and grant the City a special waiver whereby the City could still take advantage of that same provision over time. Unfortunately, the City received a definitive letter in June, where they said no. We lost out on that opportunity.

Alderman Lower, it was brought to the Council's attention regarding Emily Bell, former Human Resource Director who should have known precisely what she was doing (assumingly), at what point do you believe that she was aware of what was taking place.

Mr. Hales stated that he could not speak for Ms. Bell. That neither the Corporate Counsel nor did the HR Director at that time bring it to his attention with a sense of urgency to take advantage of this where it could have been paid overtime.

Alderman Lower, could the City or Mr. Hales be held liable in one direction or another for not making a decision or not being aware of this prior to 2014.

Mr. Jurgens asked for clarification of Alderman Lower's question.

Alderman Lower, for allowing the City to be exposed to this unfortunate situation.

Mr. Jurgens stated that he would likely not provide legal advice in an open meeting setting.

Alderman Buragas, in 2012 when some of these employees took advantage of a policy that was set in 1995. That in 2012 even if the City Manager was aware, there was no action that he could take to stop the pension enhancement based on the Sick Leave Buyback. We have a situation where the City had an opportunity to structure how the City would have paid for it differently, but that the City could not stop them from taking advantage of it in 2012 because that would have been a diminishment of their benefits.

Mr. Hales stated that is still a risk for the City. He believes that people feel as though a benefit can be shut down at any given time. That an employee brought up that very same concern. If the City wants to have this challenged, twice the State of Illinois has been to court on this in action that is alleged to be a diminishment of their pension clause. Twice the Illinois Supreme Court has shut them down. Bloomington can be in that same situation.

RECOMMENDATION/MOTION: That the ordinance, requiring newly earned unused sick leave hours be paid after the employee retires or leaves the City, be approved and the Mayor and City Clerk authorized to execute same.

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

STRATEGIC PLAN SIGNIFICANCE: Objective 1a. Budget with adequate resources to support defined services and level of services.

BACKGROUND: City staff has been considering modifications to the City's employment policy concerning payment of accumulated, unused sick leave hours ("SLBB") to eligible employees prior to retirement, in order to address significant direct and indirect financial costs associated with same. To date, payment of SLBB to eligible employees has been made based on a discretionary employment policy adopted by a prior City Manager and the City's collective bargaining agreements, the terms of which have varied over the years. The brief history below may be helpful in understanding how this policy has emerged and transformed within the City.

20-Year History of Sick Leave Buyback

In 1995, an employment policy was implemented by former City Manager Tom Hamilton that allowed IMRF employees to structure payment of their accumulated, unused sick leave hours. Specifically, a memorandum from Hamilton to IMRF employees dated March 6, 1995 (the "Memorandum") stated as follows:

Effective Wednesday, March 8, 1995, the City of Bloomington will permit eligible IMRF City of Bloomington employees to apply sick leave buyback payments over a 3-month period rather than receiving a one-time lump sum payment. IMRF permits this application of sick leave buyback payments under Section 5.20 B.1 Calculation of Pension...

City of Bloomington employees retiring under IMRF, and who are eligible to receive sick leave buyback, must make one of two choices:

- Receive a lump sum sick leave buyback payment at retirement.
- Or, receive sick leave buyback payments beginning 4-months prior to retirement.

Current City staff has not uncovered any documents indicating the City Council was ever advised or consulted on this employment policy. According to City staff, the amount of SLBB hours permitted to be paid under the policy increased over time (specifically in 2005) from 672 hours to 1440 hours. Again, City staff has not uncovered any documents indicating that City Council was ever advised or consulted on this change to the policy for classified employees. However, similar provisions were approved in collective bargaining agreements.

Later, in 2005, it appears that Hamilton revised the City's policy concerning SLBB (the "SLBB Policy") permitting full and part-time classified employees retiring or leaving employment with the City under honorable circumstances and with 75 years of combined service and age (with a minimum of 15 years of continuous service as a City employee) to either elect to have a percentage of unused, accumulated sick leave hours paid in cash or elect to have 100% of such time contributed to the City's Retirement Health Savings Plan ("RHS Plan"). This policy stated that the SLBB payment may, but was not required to be, spread out of over three months. In 2008, the SLBB Policy was revised to require classified eligible employees to have all SLBB hours paid out as mandatory contributions to employees' RHS Plan accounts. The revised SLBB Policy stated that payment of SLBB could be spread out over the fourth, third and second month prior to the month in which the employee intends to retire if beneficial to the employee.

In the 2005 and 2008 versions of the SLBB Policy, payment of SLBB could be spread over a 3-month period, but this payment method was not expressly required. Again, City staff has not uncovered any documents indicating that the City Council was ever advised or consulted in connection with the impact of the structured payout provisions of SLBB Policy as adopted or as amended.

Pursuant to the 2008 SLBB Policy, the following are eligible for SLBB:

Classified employees (full and part time) who retire from or leave the employment of the City under honorable circumstances and who have seventy-five (75) years of combined services and age with a minimum of fifteen (15) years of continuous service as a City employee, shall be eligible to receive SLBB.

As to the payout, the 2008 SLBB Policy provides:

Retiring employees must put their intent to retire from the City in writing clearly stating their anticipated retirement date before SLBB payouts can be started. Payout of SLBB is counted toward the employee's Illinois Municipal Retirement Fund (IMRF) pension earnings and IMRF deductions must be taken from these payments. For IMRF purposes, payment of SLBB can be spread out over the fourth, third and second month prior to the month in which the employee intends to retire if this is beneficial to the employee.

City Manager David Hales revised the SLBB Policy to cease payment of SLBB to classified employees hired on or after May 1, 2012. City Manager Hales and the City Council have also been successfully negotiating the removal of SLBB from the City's collective bargaining agreements, consistent with the approach taken to classified employees. This effort started in 2009 and continued through 2014. As to collective bargaining units, only the fire and police unions still have SLBB for existing employees and new hires but they are not under the IMRF system.

Notably, although payment of SLBB had generally been a feature in the City's collective bargaining agreements; nothing within the City's collective bargaining agreements require SLBB to be paid to eligible employees over a 3-month period.

Based on the City's current financial situation and due to recent significant financial costs associated with how SLBB has been paid, City staff believes it is prudent for the City Council to take action on this issue.

As described further below, if the City Council does not take affirmative action concerning SLBB, SLBB payments will continue to inflate eligible employees' compensation in the months preceding their retirement, which has the incidental effect of inflating eligible employees' IMRF pension earnings.

(1) Artificial Earnings Increases

The effect of the 1995 SLBB Policy implemented by Hamilton was to allow employees to significantly increase their compensation at the end of their career by spreading out payments of SLBB, rather than receiving payment of SLBB with eligible employees' final paychecks. Under the IMRF statute, earnings during each of the final three months of the "final rate of earnings period" cannot exceed 125% of the highest earnings of any other month in the final rate of earnings period; this requirement is referred to as the "125% Rule." The 125% Rule was adopted to prevent pension increases caused by payouts of SLBB, vacation or other hours to employees in the months preceding their retirement (*i.e.*, making large payouts of compensation to an employee prior to retirement significantly increases the employee's final rate of earnings, which in turn can significantly increase the value of the employee's pension). The policy implemented by former City Manager Hamilton permits employees to limit the impact of the 125% Rule.

If the City Council takes affirmative action to require that SLBB be paid to eligible employees with their final pay check preceding retirement, such action would comport with the intent of the 125% Rule.

Although City Manager Hales began the process of ending SLBB in its totality in 2012 (and prior to that point with certain collectively bargaining agreements), the City did not at that time require payment of SLBB in one lump sum. The issues associated with the SLBB Policy that began in 1995 were not fully realized by current City staff until the retirement of recent long-term employees. At that time, those employees who were grandfathered under the 2012 change to the SLBB Policy and who had acquired substantial SLBB hours, triggered an advanced payment requirement pursuant to the IMRF statute as a result of the SLBB payments (discussed below).

(2) **IMRF Accelerated Payment Rule**

Effective January 1, 2012, the Pension Code was amended to require municipalities participating in IMRF to pay the “present value” of certain pension benefits. These “present value” payments (also known as accelerated payments) are now required if the reported earnings for the final year of earnings exceeds the earnings for the previous 12-month period by the greater of 6% or 1.5 times the increase in the CPI-urban.

The 2012 law does provide present value assessments shall exclude earnings attributable to personnel policies adopted prior to January 1, 2012, as long as those policies are no longer applicable to employees who begin service after January 1, 2012. Accordingly, the City could have avoided making accelerated payments altogether for grandfathered employees had it adopted a policy ending sick leave buyback for new employees prior to January 1, 2012 (rather than May 1, 2012). The City still would have had to make the pension payments, but they would not have had to pay the present value of the Accelerated Earning Increase up-front. The only benefit to making the payment upfront is that the City avoids paying hefty interest payments on the amount. Some exclusions are also available based on elimination of the benefit within collective bargaining agreements.

SLBB Policy Options

As noted, City staff does not believe that this, or any other past City Council, ever affirmatively took action to approve the SLBB Policy or generally the ability of an employee to artificially increase his or her compensation in order to purposely increase that employee’s pension. Two options being discussed to address this issue include the following:

- (1) *Require any new sick leave earned by grandfathered employees be paid after separation.*

City staff believes the best option is to enact a new policy that provides any new sick leave buyback earned by grandfathered employees must be paid in a lump sum after the employee leaves or retires from the City. This type of policy that focuses only on *new* SLBB and does not address any SLBB already “earned,” is defensible should it be challenged. Payment in this fashion further has no IMRF impact. In the long run, this may therefore be the most economical

and practical way to address issue. An ordinance making this direction is attached. To effectuate the ordinance, the City Manager will provide notice to all classified and collectively bargained employees impacted by the change.

Note that this option would simply be the first step in staff's work to address this issue and more changes may be recommended and/or made in the future.

(2) *Require SLBB be paid with final paycheck effective January 1, 2018*

A second option that has been discussed is to change the structure of the payout for existing sick leave earned. However, several legal and financial issues would first need to be considered prior to adoption of such a policy. Further, if the City Council desires to end the practice of allowing SLBB to be structured as a multi-month payout for all SLBB accrued, as well as earned in the future, City staff would recommend such a policy not be effective until January 1, 2018.

This type of policy would require SLBB to be paid with an eligible employee's final paycheck prior to retirement, in the form of the proposed alternate ordinance attached, in conformance with the intent of the 125% Rule. Staff expects that taking this action should reduce, in the long run, Accelerated Payment invoices it receives from IMRF. To effectuate the ordinance, the City Manager will provide notice to all classified and collectively bargained employees impacted by the change, describing the transition period preceding the effective date of January 1, 2018. Effective January 1, 2018, all SLBB would be paid out with the eligible employee's last payroll check preceding retirement. Staff estimates there are approximately 250 current employees that would potentially be eligible for the structured SLBB payout if they stay with the City long enough. If the City ends SLBB structure payout effective January 1, 2018, there are only approximately 65 people that would technically be eligible during this time.

Note that adoption of either ordinance will not impact the sworn police and fire employees, because those union employees are in a different pension system which does not credit SLBB toward pension benefits. This proposed ordinance will also not impact library employees who are controlled by the Library Board and have separate personnel policies.

Conclusion

Any policy change on SLBB is likely to be controversial with the employees and unions, but the City's current financial situation requires it to be addressed. Further, as indicated by the 20-year history of the SLBB policy outlined above, it is clear the policy was not fully understood or vetted by the City Council. City Manager Hales believes it is vital and in the best interest of the organization that such material policy changes, which carry such a significant financial impact, be fully vetted and discussed at the Council level.

COMMUNITY GROUPS/INTERESTED PERSONS CONTACTED: N/A

FINANCIAL IMPACT: The accelerated payments are based on a number of factors (i.e., salary, length of service, age of retirement, gender, marital status, etc.). Accordingly, it would be very difficult to make any financial impact statements or determinations without an actuarial

study. That said, City staff is confident that any future accelerated payments due will not be as high as those created by the retirement of recent legacy employees.

Respectfully submitted for Council consideration.

Prepared by: Jeffrey R. Jurgens, Corporation Counsel

Recommended by:

David A. Hales, City Manager

The following was presented.

Item 8B: Consideration of approving a Resolution granting a Property Tax Abatement and Green Top Grocery Retail Sales Tax Rebate Incentive for “The Foundry” Retail Development.

Mayor Renner stated that there are three Aldermen who has requested to recuse themselves from deliberating on this matter. They are Aldermen Hauman, Black and Painter.

Alderman Fruin, we are all members of something in the community rather it be Knights of Columbus, the Library the history museum or other. At some point the Council will need to decide on the issue of paying for these nominal membership donations, fees or dues. The Council needs to be careful so as to prevent from deliberating on items at every situation.

Alderman Hauman stated that she needs to recuse herself from deliberating on this item as her husband has been significantly involved in this venture in an owner/loan program.

Alderman Black stated that he needs to recuse himself as he has ownership in the venture.

Alderman Painter stated that she needs to recuse herself as she has ownership in this venture.

Austin Grammer, Economic Development Coordinator provided a brief overview of this item stating that combining a project \$2.4 million dollar investment to construct the Foundry Retail Center and Green Top \$1.9 million dollar investment in their space, this project represents a \$4.3 million dollar investment in the core of the City. It is right along Constitution Trail, and this location that was chosen by Green Top is in a food desert as identified by the USDA. A food desert means that it takes residents in that area much time to access food either by car, or public transportation, or have fewer options to choose for shopping. That there is no other opportunity for a fresh food store in their neighborhood to choose from. The location is great and is serviced by a total of four bus routes in the community, as well as providing access to the market within the community. In cooperation and support with Libby Au, the National Development Counsel, who along with City staff assembled a packet of incentives that met the City’s Economic and Development Policies while being tailored to meet the unique situation of the business that the City is looking to support. The City is looking for Council approval for a ten (10) year sliding scale sales tax rebate for Green Top Grocery. It would be 100% all sale

taxes that they generate in year one, and decreasing by ten (10%) percent increments each year thereafter.

He stated that the reason for the tax rebate is that in its first year, it would be difficult for the grocer to establish the business in its first year. The rebate is front loaded. The law does allow the City to provide a rebate; however, it does not say how the City has to structure it. Therefore, to be most accommodating and supportive to Green Top this is the way in which the City structured the rebate. The City is also proposing a five (5) year property tax abatement for the Foundry Retail Development as construction cost are the same to build a new retail center on Veteran's Parkway as it is on Washington Street, but that the market rate for rent can be charged on Washington Street are much lower. This development would not occur without the proposed property tax incentive.

Without the lower incremental property tax incentive. By abating a portion of the newly creative incremental property tax that is being created, the development will be feasible.

Mayor Renner asked whether there is any tax monies the City would receive today without the t tax rebates on this property.

Mr. Grammer, stated there is not. These incentives are structured in such a way that they are rebates of new or City revenues that are created by the project. Only if those revenues materializes. Additionally, the City is not fronting any funds for this development, as all of the risks are assumed by the developer and the retailer.

Alderman Lower inquired as to how much more food will be sold in the City than is normally sold. He asked whether residents will be consuming more food. He requested clarification as to why the City need an additional grocery market. He stated the City should, then, rebate taxes for everyone.

Mr. Grammer (referring to the map) replied, there is not a food desert in the northern portion of the Town of Normal. There are other major grocers nearby in Normal of which are collecting sales tax for the Town of Normal. The City has many residents that are crossing into Normal to purchase groceries. The City of Bloomington does not receive any sales tax revenue from those purchases by our own residents. That sales tax that the City is losing out is on is a lost to the community to fund our police, fire and public works departments. By bringing this grocery store in the City of Bloomington, it would better position us to pay for all of the City's services. The Town of Normal has provided Meijer a 20 year sales tax abatement that will provide to Meijer's two million dollars; that was a part of their attraction packet to come into the Town of Normal. That at that location, Meijer's gross over \$70 million in sales per year.

Mr. Grammer stated, bringing in a grocer into the City affords residents to shop for groceries within their community.

Alderman Schmidt made a motion, Alderman Mwilambwe seconded the motion to approve the item as presented.

Alderman Schmidt, in addition to the economic argument as I understand it about eating more food, we are going to eat different food. I live within the food desert area, and people do not have access to decent food. They have access to quick foods—convenient foods. In my opinion, this is transformational in many ways, not just economically. People within our community do not have access to different food. This can also be seen as a social benefit as well.

Alderman Fruin, I am in support of this item as a lot of hard work has gone into bringing this item forward. In scenarios like this, it is not a perfect situation for anybody; however, the good outweighs the questions. He asked that the City be more careful in terms of labeling “food desert” areas of the town. He asked about the amount of sales that Meijer’s average per year.

Mr. Grammer, that is on average according to the National Retail Federation, for an average Meijer Store completely.

Alderman Buragas, this is not about the most perfect or ideal situation. It is a yes or no question. Would this community be better with or without this market? The answer is clearly yes. If we were to pass up on this opportunity to not support this new endeavor in our community, we would be worse off. As the reasons are numerous, it is local owned and operated, we are supporting our local farmers, and many others. Besides, this is a wonderful addition to our community. Hopefully, this will serve as a model for development along our trails—mixed use, neighborhood friendly type of development that will make Bloomington a livable and walkable community. This is very little commitment by the City, although we are reaping the benefits of having this marketplace in Bloomington. She stated that she is very impressed with City staff as they had worked to bring this deal forward for the community. It should be noted that a large number of the City Council had to recuse themselves as they are so supportive of this project.

Alderman Lower, it is not true that there is no upfront money. There is upfront money. When we go back and ask for sales tax increases, which the County is pushing, we have a lot of things that we just do not need. When you have a finite number of folks and a finite number of produce that is being bought and sold, there is a finite amount of sales tax revenue from that. If you rebate a portion of that, there is money upfront. It is indirect but it is there, and it is real; and we are providing an unfair advantage in this situation.

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

Ayes: Aldermen Sage, Mwilambwe, Fruin, Buragas, and Schmidt.

Nays: Lower

Motion carried.

RECOMMENDATION/MOTION: That the resolution for a proposed property tax abatement agreement and retail sales tax incentive agreement for “The Foundry” Retail Development be approved, and authorize the Mayor and City Clerk to executed the necessary documents.

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 5d: Appropriate leisure and recreational opportunities responding to the needs of residents; 5e: More attractive city: commercial areas and neighborhoods. Objective 6d. Healthy adjacent neighborhoods linked to Downtown.

BACKGROUND & OVERVIEW: Foundry Square LLC will be the owning entity for the development known as “The Foundry” located at 915 and 921 East Washington Street. The project includes the construction of two new commercial / retail buildings with a total of 21,000 gross square feet of leasable space. Subject to the approval of the property tax abatement agreement and retail sales tax rebate agreement presented before the Council, Green Top Grocery, a new start-up cooperatively owned grocery store, is willing to enter into a 10 year lease agreement for 10,000 square feet of space at the subject property.

This new commercial / retail development will create a minimum investment of \$2,400,000 into taxable property and would serve to revitalize a vacant lot near Downtown Bloomington, an area highlighted as an Economic Development Target Area by the City Council in October of 2012. This site has also been highlighted in the draft 2015 Comprehensive Plan as a “Tier One” priority focus area for in-fill development and redevelopment to “support the goals of compact development, leveraging Bloomington’s investment in city services, and keeping growth contiguous to the City.”

As a member-owned start-up business, Green Top Grocery has requested financial assistance from the City to improve its chances of long-term economic viability. In addition to soliciting state and federal grants, selling membership shares, and conducting an owner loan campaign, support from the City in the form of property tax abatement and sales tax rebates will help to close identified gaps in financing during the store’s start-up phase of operation.

To make the project financially feasible and thus start construction of The Foundry retail development, Foundry Square LLC is requesting a sliding scale abatement of real estate taxes owed on the subject property. The property tax abatement, if approved by the taxing bodies, would allow the tenants of The Foundry to pay a portion of the new increment of property tax during the first five (5) years of operation at The Foundry. Throughout the abatement period, the property taxes will gradually increase to take into account the full value of the new investment. At the end of the proposed abatement period, all taxing bodies would begin to collect the full amount of post-investment property taxes. Sales tax rebates will also help Green Top Grocery with the expense of building out the new retail space as it begins operation in this new retail center.

Staff believes the proposed incentive package is worthy of consideration by the Council. But for the proposed incentives, this development would not take place. As a citizen backed start-up business, Staff supports the offer of incentives to Green Top Grocery to ensure its financial viability for years to come and the benefits it will provide to the health and quality of life for area residents.

COMMUNITY GROUPS/INTERESTED PERSONS CONTACTED: In addition to appropriate Department Heads and representatives from Public Works, PACE, Finance, Fire, Water and Police all having received the information and been invited to a comprehensive discussion on the application, the National Development Council, Economic Development Council for the Bloomington-Normal Area, Downtown Bloomington Association, Assessor for the Town of the City of Bloomington have been partners throughout the incentive application process. In addition to conducting informal meetings and communications with the aforementioned entities, the property tax abatement agreement will also be considered by the following committee and boards: McLean County Finance Committee, District 87 School Board, Bloomington Normal Airport Authority Board, McLean County Board, Heartland Community College Board, Bloomington, Public Library, City of Bloomington Township Board, and the Bloomington Normal Water Reclamation District Board.

FINANCIAL IMPACT – PROPERTY TAX ABATEMENT: According to the National Development Council, which conducted a full financial analysis of the development team and the project in question (including a three year review of personal and business financial statements), this incentive is necessary to make the project financially viable. As proposed, this arrangement serves to strengthen the project’s financial position by filling the identified financial gap.

As structured, the proposed five year property tax abatement agreement protects the taxing bodies by guaranteeing that they will collect the existing pre-project level of property taxes (estimated to be \$21,908.39) *plus* an additional increment equal to \$121,323.82 over the five year term of the proposed abatement agreement (\$143,232.21 total).

FINANCIAL IMPACT – SALES TAX REBATE: As set forth in the proposed Sales Tax Rebate Agreement, Green Top Grocery has agreed to lease one 10,000 square foot unit in the proposed retail development for a minimum term of ten (10) years. Green Top Grocery will enter into a lease with Foundry Square LLC on or before December 31, 2015. According to the attached written statement, Green Top Grocery plans to invest a minimum of \$1,950,000 in the form of leasehold improvements. Per the terms of the agreement, Green Top Grocery is to commence operation on or before January 1, 2017. Green Top Grocery will be required to employ no less than ten (10) full time positions and no less than fifteen (15) part time positions throughout the term of the agreement.

The agreement provides for a sliding scale sales tax rebate to the retailer. As a start-up, citizen-led venture, the sales tax rebate for Green Top Grocery is structured to extend for ten years, starting at a 100% rebate in year one and decreasing in 10% increments over the life of the agreement.

Green Top Grocery Proposed Sales Tax Rebate with the City of Bloomington

		Year 1	100%							
		Year 2	90%							
		Year 3	80%							
		Year 4	70%							
		Year 5	60%							
		Year 6	50%							
		Year 7	40%							
		Year 8	30%							
		Year 9	20%							
		Year 10	10%							

Note 1: Payment shall be made to developer three times per year: April 15th, August 15 and December 15th, beginning on April 15, 2018 and thereafter until the developer has received the lesser of: twenty percent (20%) of the actual cost of the project or \$390,000; or, December 31, 2027.

The agreement contains a section that is commonly referred to as a “claw back” provision. In the event that Green Top Grocery ceases operation of its retail store prior to the minimum ten (10) year commitment, the retailer will be obligated to repay to the City any and all sales tax rebate payments that have been issued up until that time. Given the strong grassroots support among Bloomington residents for Green Top Grocery, along with documented market analysis of the local grocery retail category, it is unlikely that Green Top Grocery will leave the City before the end of the ten (10) year agreement term. This clause is included in an attempt to protect the City from any unforeseen circumstances.

Respectfully submitted for Council consideration.

Prepared by: Austin Grammer, Economic Development Coordinator

Reviewed by: Tom Dabareiner, Community Development Director

Financial & budgetary review by: Chris Tomerlin, Budget Analyst
Carla Murillo, Budget Manager

Legal review by: Jeffery R. Jurgens, Corporation Counsel

Recommended by:

David A. Hales
City Manager

The following was presented:

Item 8C: Consideration of a resolution to adopt the City of Bloomington Comprehensive Plan 2035 as the official comprehensive plan for the City of Bloomington.

Mr. Dabareiner, Director of Community Development and Code Enforcement, thrilled to be before the Council with a Resolution for consideration of the Comprehensive Plan 2035 as the Official Comprehensive Plan for the City of Bloomington. The Comprehensive Plan is a 20 year look at what the community may look like, physically, redevelopment, development and preservation. It is based on economic trends, market and social trends are all pulled together to form the Comprehensive Plan for the City of Bloomington. It is a guideline to help us in making the City of Bloomington a better community in the future. This plan has been based on 18 months of extraordinary public input. It is based on numerous meetings of the Planning Commission who worked on the details of this plan since the first of the year. Importantly, this plan includes two (2) meetings where testimony was provided here in July; July 27, being the day the Public Hearing was held. On August 12, the Planning Commission recommended approval of this to the Council. Staff concurs with the recommendation.

Alderman Black motioned to approve, Alderman Buragas seconded to approve the Comprehensive Plan as presented.

Alderman Black expressed his appreciation to City and County staff stating, throughout this process not as many people were engaged in this process, with much work to have more persons involved in the process, this turned out well. He is very supportive.

Mayor Renner, we need to expeditiously decide by our September 12 Council Retreat Meeting as to how we wish to move forward with the implementation of this plan.

Alderman Buragas, with much community investment, how do we ensure that this plan becomes a reality?

Mayor Renner that is up to the Council and its workgroups and determine how we move forward.

Alderman Hauman thanked Vasu and Mr. Dabareiner for the work that went into this plan. She stated that there was a question from the public inquiring why the Council had no questions of staff regarding this plan. She explained that most of the Council had this opportunity to have explained and questions answered by Vasu and other staff regarding the plan prior to the Committee of the Whole Meeting.

Alderman Lower, this is a template of unabated socialism, it is very limiting in its scope. We are eliminating many business and folks on the peripheral from or encouraging to invest in our community. He stated in his view it retards our economy, very restrictive and have all the tenants of a form based code. The proposed zoning code in many areas will be very damaging.

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

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

Nays: Lower

Motion carried.

RECOMMENDATION/MOTION: That the resolution to adopt the City of Bloomington Comprehensive Plan 2035 as the official comprehensive plan for the City be approved and authorize the Mayor and City Clerk to execute the necessary documents.

STRATEGIC PLAN LINK: Goal 2: Upgrade City Infrastructure and Facilities; Goal 3: Grow the Local Economy; Goal 4: Strong Neighborhoods; Goal 5: Prosperous Downtown Bloomington; Goal 6: Great Place – Livable, Sustainable City.

STRATEGIC PLAN SIGNIFICANCE: Objective 2e, Investing in the City's future through a realistic, funded capital improvements program; Objective 3a, Retention and growth of current local businesses; Objective 3b, Attraction of new targeted businesses; Objective 3c, Revitalization of older commercial properties; Objective 3d, Expanded retail businesses; Objective 3e, Strong working relationship among the City, businesses and economic development organizations; Objective 4b, Upgraded quality of older housing stock; Objective 4c, Preservation of property/home values; Objective 4d, Improved neighborhood infrastructure; Objective 4e, Strong partnership with residents and neighborhood associations; Objective 4f, Residents sharing/taking responsibility for their homes and neighborhoods; Objective 5a, More beautiful and clean Downtown; Objective 5b, Downtown Vision and Plan used to guide development, redevelopment and investments; Objective 5c, Downtown becoming a community and regional destination; Objective 5d, Healthy adjacent neighborhoods linked to Downtown; Objective 5e, Preservation of historic buildings; Objective 6a, Well-planned City with necessary services and infrastructure; Objective 6b, City decisions consistent with plans and policies; Objective 6c, Incorporation of Green Sustainable concepts into City development and plans; Objective; Objective 6d, Appropriate leisure and recreational opportunities responding to the needs of residents; Objective 6e, More attractive city.

BACKGROUND & OVERVIEW: The Comprehensive Plan is the official, adopted guide for future development, redevelopment and preservation within the City of Bloomington. The plan sets forth goals and policy recommendations based on community desires and a thorough analysis of existing conditions and trends. It illustrates a vision for the physical character of the City – and the varied elements which support it – for the next 20 years. The Comprehensive Plan serves as the foundation for other regulations and documents which become the tools employed to implement the plan's recommendations.

The tremendous amount of public participation has been noted repeatedly and clearly shows the intent of the vast majority of Comprehensive Plan participants. It provides a superior foundation for the development of the plan and future implementation documents.

The draft Comprehensive Plan (found electronically at <http://www.bringitonbloomington.com/file/122>) was reviewed by the Planning Commission, which conducted several public meetings over a half year, along with the official required public hearing in July. Ultimately,

commissioners issued a unanimous vote on August 12, 2015, recommending in favor of adopting the draft Plan. Staff concurs with this recommendation.

COMMUNITY GROUPS/INTERESTED PERSONS CONTACTED: Literally, thousands of people—residents, business owners, tenants, students and others provided direct or indirect input to the process that resulted in development of the draft Comprehensive Plan. All public hearing requirements were met or exceeded. A few hard copies of the draft plan will be available for you at the Council meeting.

FINANCIAL IMPACT: Adoption of the plan by itself does not incur additional costs. Implementation actions may have additional costs and benefits—some significant—but these would come before the City Council separately in accordance with Council procedures and City ordinance requirements.

Respectfully submitted for Council consideration.

Prepared by: Tom Dabareiner, AICP, Community Development Director

Financial & budgetary review by: Chris Tomerlin, Budget Analyst
Carla A. Murillo, Budget Manager

Legal review by: Jeffery R. Jurgens, Corporation Counsel

Recommended by:

David A. Hales
City Manager

The following item was presented.

Item No. 8D. Consideration of adopting an Ordinance to authorize a TIF Feasibility Study and the award of a Professional Services Contract to Peckham Guyton Albers & Viets (PGAV) in the amount of \$36,600 for the purpose of creating a Redevelopment Project Area that would include the Colonial Plaza Shopping Center and adjacent qualifying properties.

Mr. Grammer stated that staff is proposing that a portion of this street be studied for the feasibility for a tax increment financing district. The Council is being asked to consider approving an ordinance where consultants would need to be hired to study this area to determine whether the properties in this area qualify for TIF. The need for this study was initiated by a request by the owner of the Colonial Plaza Shopping Center. City staff did a competitive RFP and had a great response from the firm PGAV. They have completed numerous TIF Eligibility Studies and have compiled comprehensive redevelopment plans. This would be a great product once completed for to be provided to the taxing bodies so that they have an understanding of the need for the Tax Increment Financing.

Alderman Schmidt, in addition to looking at whether this meets the criteria, at what point does the City begin to look at how the other government bodies that needs to sign off on this TIF i.e. District 87, McLean County etc. When does those bodies begin become active in this?

Mr. Hales stated the City has already begun that process. Mr. Grammer and I have met with the Superintendent of District 87 as well as their legal and financial officers. We know, we have already had those conversations with the County, and those discussions will continue with the bigger entities.

Mayor Renner, if this is structured properly, not like the previously entered into, the areas around the TIF will increase even during the time that some of the property taxes are being rebated.

Alderman Black, what is the benefit of having this work performed by a consultant rather than have it done in house by staff?

Mr. Grammer explained the TIF Eligibility study– Colonial Plaza for blighted areas to the Council.

Mr. Hales stated that the City does not have the staff available to conduct this type of study. This document has to be legally defensible, that some of the examples are the taxing bodies. Persons who oppose the TIF may challenge the basis for performing the TIF. It's best to have a firm who has experience in TIFs. This particular report will need to be moved along as quickly as possible due to the nature of time with the owner of Colonial Plaza for investment.

Alderman Black asked about the timing of this stating that it has come up very quickly for this project, that other projects on the west side of time residents would like to see some neighbor improvement as soon as possible.

Alderman Fruin, is encouraged by commercial development talk about providing city services that it can be accomplished by City and commercial as opposed to residential. He asked about the boundary lines where Bloomington High School athletic fields sits, what is the logical behind this, including public land.

Mr. Grammer, explaining the TIF study stating when the boundary lines are drawn, they have sought to include school property as it is a potential to do that. His research has determined that it is legally allowable for the City who would be creating the TIF district to enter into an agreement with the school district in the same respect of entering into an agreement with a private investor to rehabilitate a private commercial building for TIF eligible expenses. We have the potential of entering into an agreement with District 87 for them the City could use TIF increments of that is created would not be rebated to other private developers if there was additional extra TIF funds available. The City could work with the schools to off-set their cost for TIF eligible expenses, like HVAC, new windows and ruffing. The City could include the school within the boundary of the TIF. Although municipalities have entered into “make whole” agreements where they pay out to the school district a portion of the TIF district.

Alderman Lower, of the percentage of TIF that actually prosper and work, what kinds of economic conditions are those exposed to. He asked whether it is was a growing economy or a declining economy which the City see what those were intended to do. He expressed concern with burdening businesses and residents for the TIF on the outside of this area with the additional expense.

Mr. Hales stated that a vote by the Council needs to be taken on this item.

Alderman Hauman motioned, Alderman Fruin seconded the motion to approve to this item as presented.

Alderman Buragas, what is notable about this TIF is that it is not highly speculative as we have a retailer who wants to be a part of this. They are asking for this economic development tool to be able to move forward with their plan. It is a good balance between a known retailer who will help to revitalize this area, providing further incentives for others to do the same. That is a good balance.

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

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

Nays: Lower

Motion carried.

RECOMMENDATION/MOTION: That the Ordinance to authorize a TIF Feasibility Study and the award of a Professional Services Contract to PGAV in the amount of \$36,600 with possible additional costs up to \$5,000 for a total of \$41,600 be approved and authorize the Mayor and City Clerk to execute the necessary documents.

STRATEGIC PLAN LINK: Goal 3: Grow the Local Economy; Goal 4: Strong Neighborhoods; Goal 5: Great Place – Livable, Sustainable City.

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; 3c. Revitalization of older commercial homes; 3d. Expanded retail businesses; 3e. Strong working relationship among the City, businesses, economic development organizations. Objective 4c. Preservation of property/home valuations; 4d. Improved neighborhood infrastructure; Objective 5b. City decisions consistent with plans and policies; 5c. Incorporation of “Green Sustainable” concepts into City’s development and plans; 5e. More attractive city: commercial areas and neighborhoods.

BACKGROUND & OVERVIEW: City staff recommends entering into a service contract with Tax Increment Finance (TIF) consultant Peckham Guyton Albers & Viets (PGAV) in the amount of \$36,600.00 to immediately begin the process of creating a Redevelopment Project Area that

would include the Colonial Plaza Shopping Center and adjacent qualifying properties. The attached ordinance to approve a proposed professional service contract with PGAV would allow for the investigation of the Empire Street Study Area. The contract includes a Feasibility Study as well as the preparation of an Eligibility Report, Redevelopment Plan, and a variety of other services related to the designation of a portion of Empire Street as a TIF District.

Before moving forward with the Feasibility Study, the Illinois TIF Act requires the City to adopt a TIF Feasibility Study Ordinance. The Ordinance authorizes PGAV to commence a Feasibility Study of the Proposed Redevelopment Project Area. It also provides interested parties with contact information related to the proposed TIF district. The Ordinance has been prepared and reviewed by the City's TIF Attorney, Kathleen Field Orr & Associates, and is attached. If adopted by the City Council, a copy of the Ordinance will be sent to all taxing districts within the proposed TIF district as required by the TIF Act.

PGAV's extensive economic development consulting experience in the State of Illinois and notably its recent experience in working with the Town of Normal on multiple Town TIF projects make PGAV the ideal partner to perform the feasibility study and redevelopment plan for the Empire Street Study Area in consultation with City staff. PGAV also has prior experience working with the City of Bloomington: In 1986, PGAV consultants assisted City staff in the creation of the "Veterans Parkway/Jumers Conference Center" TIF District which facilitated the development of the Jumers Chateau Hotel and the City owned Bloomington Conference Center, Lakewood Plaza Shopping Center, multiple car dealerships on Auto Row Drive, and a detention basin which spurred the development of The Parkway shopping center.

PGAV is committing to complete the Feasibility Study and Redevelopment Plan within 17 to 21 weeks from the commencement of the proposed contract. A tentative timeline developed by PGAV for the adoption of the TIF District is included in PGAV's RFP response (attached). This timeline may be adjusted as the TIF District adoption process progresses, but provides a solid outline as to the steps required to create the TIF District.

COMMUNITY GROUPS/INTERESTED PERSONS CONTACTED: Appropriate Department Heads and representatives from Public Works, PACE, Finance, Fire, Water and Police have provided input on the boundaries of the proposed Study Area. Informal meetings and communications with the administrative staff of multiple taxing districts have been held to advise them of the creation of a TIF District in the proposed Study Area. The owners of multiple properties within the Study Area have also been contacted regarding the potential creation of a TIF District that would include their property.

FINANCIAL IMPACT: This professional service contract is expected to cost \$36,600.00 plus possible additional travel and presentation costs up to \$5,000 for a total cost of \$41,600 which are identified in the provisions of the contract. This expense has been appropriated in the FY 2016 Proposed Budget in Economic Development - Other Professional and Technical Services account (10019170-70220). Stakeholders can locate this in the FY 2016 Proposed Budget Book titled "Budget Overview & General Fund" on page 327.

Respectfully submitted for Council consideration.

Prepared by: Austin Grammer, Economic Development Coordinator

Reviewed by: Tom Dabareiner AICP, Community Development Director

Financial & budgetary review by: Chris Tomerlin, Budget Analyst
Carla A. Murillo, Budget Manager

Legal review by: Jeffery R. Jurgens, Corporation Counsel

Recommended by:

David A. Hales
City Manager

Item 8E Consideration of approving a Resolution to authorize preliminary action, known as an Inducement Resolution, in connection with the redevelopment of the Colonial Plaza Shopping Center.

Mr. Grammer provided a brief overview of this item and presented a PowerPoint Presentation describing the map area of the project. The developer that owns Colonial Plaza approached the City with a development plan to redevelop the 88,000 sf Kmart space, and to separate that into one 50,000sf space and have a couple of smaller spaces. This redevelopment project is expected to cost over \$10 million. Adding to this expense is the addition of the loading docks to the eastern end of the building. In order to improve on this space, the addition of docks are needed as well as other improvements to the building. Staff recommends the incentive package as outlined in the council memo, and asking Council to vote on an Inducement Resolution. The Inducement Resolution provides that for every expense that the developer incurs from this day forward be considered TIF eligible in the event the City set up a TIF district for Colonial Plaza.

The Inducement Resolution allows the developer to get started on this project, under the pretense of the Council establishing the TIF District. One of the problems with Colonial Plaza is that it suffers from many factors of qualifying as a blighted area. Additionally, the developer was able to secure Dick's Sporting Goods to be the anchor store in that plaza. It is our hope that Dick's Sporting Goods will attract other stores into those other spaces. As part of the terms in the Inducement Resolution, the City is requiring the developer to secure leases with multiple retailers that would generate in excess of \$20 million in sales annually who can bring those into the center.

Mayor Renner, one of the particular issues is having vacant strip malls is a serious problem in most communities. When strip malls are abandoned, it is not that you do not receive the sales or property tax, and it is not a source of economic growth.

Alderman Schmidt motioned, Alderman Painter seconded the motion to approve this item as presented.

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

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

Nays: None.

Motion carried.

RECOMMENDATION/MOTION: That the Inducement Resolution be approved and authorize the Mayor and City Clerk to execute the necessary documents.

STRATEGIC PLAN LINK: Goal 3: Grow the Local Economy; Goal 4: Strong Neighborhoods; Goal 5: Great Place – Livable, Sustainable City.

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; 3c. Revitalization of older commercial homes; 3d. Expanded retail businesses; 3e. Strong working relationship among the City, businesses, economic development organizations. Objective 4c. Preservation of property/home valuations; 4d. Improved neighborhood infrastructure; Objective 5b. City decisions consistent with plans and policies; 5c. Incorporation of “Green Sustainable” concepts into City’s development and plans; 5e. More attractive city: commercial areas and neighborhoods.

BACKGROUND & OVERVIEW: The passage of the proposed Inducement Resolution is one of the first steps in the process of establishing a TIF District. Staff’s interest in a TIF District came about at the request of the owners of Kmart and the Colonial Plaza Shopping Center, at 1500 East Empire Street. Colonial Plaza carries a 77% vacancy rate and leasable space that does not match modern retailer needs.

Bloomington’s 88,797 square foot Kmart closed on January 11, 2015 as part of Kmart’s nationwide restructuring plan. It joins the adjacent 23,000 square foot Circuit City building which has remained vacant since early 2009. Altogether Colonial Plaza has about 185,000 square feet of empty space.

BT Bloomington, LLC, the owner of the Kmart building and the Colonial Plaza Shopping Center (but not the owner of the Circuit City building - see attached map), has been working diligently to identify multiple national retailers to fill the vacant Kmart space and the other vacant spaces in the shopping center. Due to the age of the Kmart building and its lack of loading docks, BT Bloomington, LLC will need to make significant renovations to the former Kmart building and the shopping center as a whole to attract desirable retailers.

The specific boundaries of the proposed TIF District have not yet been determined. Staff anticipates entering into a contract with Peckham Guyton Albers & Viets (PGAV) for financial and land-planning consultation in connection with the proposal to establish a TIF District that would include Colonial Plaza and adjacent qualifying properties. PGAV estimates that, if the TIF process is commenced at this time, the TIF can be established as early as February 2016.

The passage of the proposed Inducement Resolution is necessary to allow TIF-related expenses incurred before the establishment of the TIF District to be considered eligible for reimbursement through the TIF. Included in the Inducement Resolution is an overview of the terms of the economic development incentives that have been negotiated between City staff and BT Bloomington, LLC. These terms will be memorialized in a Development Agreement between BT Bloomington, LLC, and the City which will be drafted and presented to the Council within the next few weeks. The Resolution has been prepared and reviewed by the City's TIF Attorney, Kathleen Field Orr & Associates, and is attached.

City staff recommends the Inducement Resolution be approved so that BT Bloomington, LLC can begin planning work related to the redevelopment of the vacant Kmart and the Colonial Plaza Shopping Center. If not for the proposed economic development incentives, BT Bloomington, LLC's proposed redevelopment plans would not be economically viable. Without the proposed renovations to the vacant Kmart, only mid to low-tier retailers could be attracted to the site which could result in the further decline of the shopping center.

COMMUNITY GROUPS/INTERESTED PERSONS CONTACTED: Appropriate Department Heads have provided input on the proposed redevelopment of the vacant Kmart. Additional meetings have been held with neighboring property owners, interested local and national retailers and commercial real estate brokers. Additional input has been received from Bloomington residents and members of the general public through the Retailer Request Form on the City's website.

FINANCIAL IMPACT:

This council memo will not have any current financial impact as this is a preliminary action approval only.

The proposed terms of the economic development incentives outlined in the Inducement Resolution are in compliance with the City's Economic Development Incentive Guidelines:

- No more than 20% of the total project costs will be supported by revenues paid directly to the City (sales taxes) by the new to the City retailers that locate in the shopping center as a result of the redevelopment project.
- Due the scale of the redevelopment project and the level of municipal assistance needed to make the project feasible, the creation of a TIF District is being pursued which will allow incremental revenues (property taxes) resulting from the redevelopment project to offset the balance of the eligible project costs.
- A minimum documented investment will be established.

- A revenue generation threshold will be established ensuring incremental revenues are returned to the City (a portion of the sales tax generated by the new to the City retailers) during the life of the incentive agreement.
- 50,000 square feet of space will be required to be created and leased to a top-tier national retailer (Dicks Sporting Goods) that will likely attract additional top-tier national retailers to the shopping center further supporting property values and retail sales.
- The proposed redevelopment project will likely spur the redevelopment of adjacent properties (including the former Circuit City building) whose owners are likely to request municipal assistance to make those redevelopment projects feasible, further supporting the creation of the proposed TIF District to provide an economic development tool to support future redevelopment in this area of the City. This area has been highlighted in the draft 2015 Comprehensive Plan as a “Tier One” priority focus area for in-fill development and redevelopment to “support the goals of compact development, leveraging Bloomington’s investment in city services, and keeping growth contiguous to the City.”

Respectfully submitted for Council consideration.

Prepared by: Austin Grammer, Economic Development Coordinator

Reviewed by: Tom Dabareiner AICP, Community Development Director

Financial & budgetary review by: Carla A. Murillo, Budget Manager

Legal review by: Jeffery R. Jurgens, Corporation Counsel

Recommended by:

David A. Hales
City Manager

The following item was presented:

Item No. 8F Update from the Budget Task Force Committee on its progress.

Alderman Sage provided a brief update on the Budget Task Force Committee (BTF) progress stating, it was formed with some very specific objectives to address. The Committee provided its first update to Council in June. Then the BTF asked for some philosophical direction on the following items: balanced of new revenues versus budget cuts and other things. The BTF has an exceptional group of members who have been working diligently such as Aldermen Black and Buragas, large and small business members, for profit and non-profits entities that represents a cross section of the community.

The BTF appreciates the opportunity to share a portion of the draft recommendation with the Council. The BTF looked at proposed budget cut ideas, not necessarily suggestions and we are seeking feedback from the Council to ensure that the Committee is on track with its objectives. The ideas that are provided are a consensus around the BTF of some possible budget

cuts, as well as some revenue ideas relating to taxes and fees. The City has two main drivers that are contributing to the \$7 million operational deficit in the FY 17 year. Those are surrounding Fire and Police Pension Funding and Solid Waste. These ideas are broken up into FY17 and are actionable items that the BTF believes should be included as part of the FY17 budget process. The BTF also looked at FY 18 and beyond; that is, ideas beyond the next budget cycle to look at possible budget savings.

Suggested Budget Scenarios

- Police & Fire Pension Funding (FY17 Budget): Suspend FY Ramp Up payment while maintaining required state minimum and current supplemental payments. (-\$1.5M)

FY18 + Budget (Sustainability): Adjust 5-year Ramp Up payment schedule while maintaining required state minimum and supplemental payments and supporting Council policy of 100% funding by 2041.

Mayor Renner, the \$1.5Million that is earmarked with the Public Utility Tax, will those funds continue to go into that fund? That is, no money will be directed away from the Police & Fire Pension.

Alderman Sage, that is correct.

Mr. Hale, through revenue increases, the Council has fully funded up through the first two years of these five-year ramp up periods. However, the City would not necessarily go to year three which have taken another \$1.5 Million.

- Solid Waste (FY17 Budget): Implement first bucket charge for curbside bulk waste pickup (not branch/shrubbery); Increase bucket charge for additional curbside bulk waste pickup; Bulk waste city drop-off yard is free.

Additional BTF Suggestions: 1) Review a 35-gal refuse can fee increase; 2) Outsource entire solid waste program; 3) Special bulk waste charge for landlords.

Comments: Funding solid waste with property taxes penalizes businesses as they already must pay these expenses. General Fund covers only brush/shrubbery bulk waste.

FY18 + Budget (Sustainability): Review bucket charge increases. Review potential landfill closing on solid waste programs.

- Program Reductions or Eliminations (FY17 Budget): Seek full reimbursement – School Resource Officer Program (-\$300K); Recover full cost of Downtown Police Hire back from Downtown beneficiaries. (-\$120K).

Additional BTF Suggestions: Study impact of eliminating School Resource Officer Program.

FY18+ Budget (Sustainability): Explore formation of a Park District; Adopt an Ordinance/Policy for Parks & Rec revenue covering X% of expenditures (Currently 50%).

- Service Reductions or Eliminations (FY17 Budget): Miscellaneous department reductions (-\$43K); Complete BCPA Operational Audit including potential formation/foundation impact.

Additional BTF Suggestions: 1) Sell Creativity Center; 2) Sell BCPA, eliminating \$1Million in annual operating expenses; 3) Convert the BCPA to an enterprise fund; 4) Reduce BCPA budget (-\$250K).

- Shared Services (FY17 Budget): Seek maximum cost recovery of \$480K estimated expense for CIRA airport Aircraft Rescue & Firefighting.

FY18+ Budget (Sustainability): Police firing range; and ETSB (Emergency 911) Revenue Sharing.

- Alternative Service Delivery (FY17 Budget): Initiate a review of outsourcing golf operations by FY17 budget adoption. Review selling all three city golf courses by FY17 budget adoption.

FY18+ Budget (Sustainability): Revise policy for golf enterprise fund that if any outside fund transfer is needed, triggers review to contract out golf course operations; and Explore combining management for Coliseum and BCPA.

- Operational Efficiencies in Service Delivery (FY17 Budget): As FY17 budget process starts, all departments should develop contingency 5% reduction plans.

FY18+ Budget (Sustainability): Allocate budget resources to investigate operational efficiencies in all departments.

Total -\$1Million in budget cut ideas outside pension funding and solid waste.

Alderman Fruin, appreciates the work that the Budget Task Force Committee has done. One thing that he has noticed is that a full comprehensive understanding--the BTF may be making some decisions about some things or suggestions without having all the facts of the information. The positive to take away from this is they do not come in with all of the baggage that has brought us to this point. However, the City Council will review the information provided and would be able to fill-in-the-blanks. He ask that some measure of caution be used as the BTF does not have all the facts/knowledge needed to make some of the decisions.

- Revenues: As directed by the Council, the BTF also reviewed various revenue options. There is a BTF preference to consider city licenses/fee increases, Home Rule Sales Tax and Property Tax.

- Principles: As proposed revenue increases are reviewed, stay below Central Illinois communities, and using the Town of Normal as a benchmark. By Ordinance/Policy new revenues to be targeted for specific, new budget expenditures (infrastructure, pensions, capital expenses, etc.)
- FY17 Budget: 1) Complete the city's comprehensive fee and rate study, and prepare for cost recovery policy decisions with phased implementation, using the Town of Normal as a benchmark and align for actual costs. 2) Increase Home Rule Sales tax up to one-half percent (1/2%) to help address the FY17 structural deficit with consideration for the Council to explore up to an additional one-half percent (1/2%) to address other specific targeted expenses for example capital, pensions, etc. 3) Property tax rate increase to 1.35 equating to approximately \$645K allocated to Police & Fire Pension funding. 4) Increase golf course fees.

FY18+ Budget (Sustainability): Send overdue parking tickets to a collection agency. Implement a computer system and hardware to move the operations of the three parking decks the City owns to 24 by 7 pay by hour operations.

Mayor Renner, thanked the Committee for their work in providing a thorough report to Council.

Alderman Sage stated that he will send an email to Council with five (5) questions contained within it asking for the Council's feedback to the ideas/suggestions. Council's written reply will be included within the final recommendation. The questions are as follows: 1) For the final recommendation, would you like the BTF to look for an additional dollar amount for budget ideas. 2) What traceable FY17 budget cut ideas would you like for the BTF to review? 3) Besides Home Rule, Sales and Property taxes, what other FY17 revenue ideas would you like the BTF to review? 4) For FY17, the draft recommendations has minimal ideas for cutting the Public Safety budget which may cut over fifty percent (50%) of the General Fund expenses. To maintain this long term increasing Public Safety cost, large budget cuts will be needed in other departments. From an FY18 longer term view, is your preference to look for other public safety budget cut ideas or to raise revenue for these growing costs. 5) From an FY18 budget sustainability viewpoint, for the final recommendation, do you want the BTF to look at other specific ideas?

9. City Manager's Discussion

Mr. Hales thanked the Council for their progress on various concerns during the meeting from economic development to the Budget Task Force Committee's recommendations. He thanked City staff for their efforts and participation as well.

10. Mayor's Discussion

Mayor Renner thanked Corporation Counsel Jeff Jurgens, Director of Community Development Tom Dabareiner, Economic Development Coordinator Austin Grammer as well as

other staff members for their hard work, as well as to the Budget Task Force Committee for their work in providing Council with their ideas and recommendations.

11. City Aldermen's Discussion

Alderman Black stated that there will be a Four Ward Meeting on Tuesday, August 25, 2015 at the BCPA at 6:00 PM. He also congratulated the BCPA for the successful Beer Fest event.

Alderman Lower stated that he is having a Ward Meeting at the Miller Park Pavilion starting at 7:00 PM and that he hopes to end by 9:00 PM. There are a number of issues that the community in Ward 1 want to discuss.

12. Executive Session – Cite Section

Adjournment:

[8:56 PM]

Motion by Alderman Black, seconded by Alderman Hauman to adjourn the meeting.

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

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

Nays: None

Motion carried, (viva voce).

CITY OF BLOOMINGTON

ATTEST

Tari Renner, Mayor

Cherry L. Lawson, City Clerk