

**MINUTES**  
**March 3, 2020**  
**Committee of the Whole**  
**City of Batavia**

Please **NOTE:** These minutes are not a word-for-word transcription of the statements made at the meeting, nor intended to be a comprehensive review of all discussions. They are intended to make an official record of the actions taken by the Committee/City Council, and to include some description of discussion points as understood by the minute-taker. They may not reference some of the individual attendee's comments, nor the complete comments if referenced.

Chair Wolff called the meeting to order at 7:00pm.

**1. Roll Call**

**Members Present:** Chair Wolff; Ald. Miller, Russotto, Beck, Knopp (on phone at 8:40pm), Chanzit, Baerren, O'Brien, Callahan, Malay, Uher (on phone), Cerone and McFadden

**Members Absent:** Alderman Meitzler

**Also Present:** Laura Newman, City Administrator; Peggy Colby, Director of Finance; Scott Buening, Director of Community Development; Gary Holm, Director of Public Works; Jeff Albertson, Building Commissioner; Chris Aiston, Economic Development Consultant; and Jennifer Austin-Smith, Recording Secretary

**2. Reminder: Please speak into the microphone for BATV recording**

**3. Approve Minutes for February 11, 2020**

**Motion:** To approve minutes for February 11, 2020

**Maker:** Chanzit

**Second:** Russotto

**Voice Vote:** 12 Ayes, 0 Nays, 2 Absent  
Motion carried.

**4. Items to be Removed/Added/Changed**

There were no items to be removed, added or changed.

**5. Matters From the Public (For Items NOT on the Agenda)**

There were no matters from the public.

**6. Resolution 20-043-R: Authorizing Extension of the City of Batavia Washington Wilson Tax Increment Finance District (LN 2/28/2020) CD**

Callahan overviewed the memo. Newman reported that we are three years into the Tax Increment Financing (TIF) and they project has not yet begun. As the developer is now seeking financing for the construction of the project there isn't sufficient time left on the TIF to pay the bonds that were called for as part of the redevelopment agreement. There are three alternatives

that the City could consider, 1) seek an extension of the TIF, which would require legislation action and the agreement of all of the other taxing bodies.

Newman stated that seeking an extension of the TIF would provide sufficient time to fund this forty million dollar project, which includes a public parking garage and 200 residential units, and 5,500 square feet of commercial space but it would also allow the City to recoup some of the cost that it has invested in the redevelopment site. The cost to be recouped include the purchase of some of the properties that were associated with the redevelopment site, the extinguishment of some easements that existed, utilities brought to the site in preparation of a large scale project, and the costs for remediation of environmental issues. 2) De-TIF and re-TIF the area that would reset the original twenty-three year clock. Newman noted that this might cover the sixty million dollars in bond payments but might not be enough increment to cover the two million dollars in cost that the City invested in that site and 3) the project could be redesigned smaller so that it fits the time period that is left on the TIF. Callahan noted that there is a fourth option and that would be to do nothing. Newman agreed, the City could leave the TIF as it is and find a smaller project with this developer or another developer. However, she would not expect that with the remaining time on the TIF available and the financial data that has been run we would not have the size of this particular project available to us. We also would not be able to afford the public garage aspect of it.

Newman stated that staff is recommending the first option which is the extension of the TIF. It maximizes the potential for bonds being paid off during the TIF term and allows us to recoup City costs. The extension of time on the TIF allows us the greatest opportunity for the size for the type of project that might eventually be built. It is a safety measure for us to have a longer time period as well. The actual increment for this project is expected to be one million and a half.

David Patzelt, Shodeen, stated that when we started down this path he has often said that he wanted to be a partner because this truly is a partnership. Like all partnerships, there are not always good times and there are difficult times. We have a difficulty in front of us and he is here as the developer to work through that problem and hopefully we could work through it. One factor that makes this a very difficult project is that the profit margins are very thin. The City's own consultant has agreed that it is very thin. The Shodeen Corporation is still committed to this project and we want to do this project. He would not be here tonight if we were not committed. We believe in Batavia and this partnership that we could make hard decisions to move this project forward and we believe this will be a great project. Patzelt shared that they have looked at various banks and started looking at private funding.

Callahan stated that we would have appreciated earlier that we needed to consider different options at year two or at year one and a half as we were moving through this instead of it's moving forward. Patzelt stated that a big focus was the environmental and waiting on the response from the IEPA. The plans for the project cost \$600,000 and he would not want to be standing in front of you tonight reporting that he has spent \$600,000 and was unable to get an IEPA permit. He can't take those plans and use them somewhere else. Patzelt commented that they are also still discussing details with the Illinois Department of Transportation (IDOT). IDOT has asked us for a left turn lane on northbound route 25 at State Street. That is something that we and staff have to work on.

The Committee discussed parking, TIF increment, creating a sunset clause for the TIF, and retail space. Chanzit noted that the last vote was split in the middle due to the reduction of retail space. O'Brien stated that this has always been a game changer for Batavia. It is an economic engine for our City and our downtown. A fifty million dollar investment is nothing to just cast aside. O'Brien stated that retail will come to our downtown with this building being built.

Chair Wolff opened the floor to public comment.

Susan Stark, former alderman, stated she is overwhelmingly in support of this project. This is a fifty million dollar project. Every single day she hears the clock ticking on Washington Avenue that we are getting closer to the end of the TIF District. You as a Council should have known that. Did you not realize that a year of remediation would set the TIF back one year. Shodeen is not the enemy here. Any other developer would have come across speed bumps. If you don't like this project as it stands, half of you bailed when the retail went away, this is your negotiating time. You could ask to have more retail brought back, the numbers could be looked at, this is when you ask those questions. This is an economic engine for our town. People want to live where there is walkability. That is what this building brings to us. The reason Oak and Swine is there, BocaDitos, the reason Six and Cypress moved is they know that hundreds of apartments is coming and with that comes people. She stated that Shodeen is a terrific developer and asked the Committee to extend the TIF.

Carl Dinwiddie addressed the Committee. On the matter of TIFs he gives no personal analysis or opinions but data from recognized authorities. Dinwiddie shared an article in which the Inspector General of the City of Chicago stated if the City eliminated TIF districts the seven taxing bodies would split \$469 million dollars in property tax revenue. At the Chicago Teacher strike it was stated that TIFs rob millions from the Chicago Public Schools. The Citizens Advocacy Center in Elmhurst IL their report on TIFs state TIFs increase the tax burden to tax payers, it is a hidden tax, developers are getting unnecessary subsidies, municipalities are given increased powers of the use of the tax increment, some municipalities are using the revenue with little public consensus or oversight. The State of California is not in favor of TIFs. Dinwiddie stated that he has a file with all of these cited documents for those who were interested.

Newman stated that when a TIF is established there is a base level of what the property values exist at the time the TIF is created. All of the taxing bodies continue to receive their fair share of what that base level EAV.

Yvonne Dinwiddie stated that she wants to make it very clear that she is not against development and never has been. She is against irresponsible development. TIF Districts are irresponsible. The old church was purchased by the City of Batavia allegedly to facilitate taking the job out of Route 25. Even though no records seem to exist for a jog study report, Batavia decided that the job would not be feasible. So, the church languished for years and repairs were neglected by the owner – The City of Batavia. Offers to purchase the property by others were rejected by the City.

Chair Wolff stated that the old church was purchased by the City of Batavia for the Route 25 project. However, it went from a D intersection to an F intersection and IDOT cancelled the

project. The City of Batavia did not cancel the project. Newman stated that a study was done on what it would take to make improvements to the church building. The cost was estimated at 3.5 million dollars.

Then came Shodeen and the proposed One North Washington Project with so many strings attached: establish a TIF District, loan \$16 million, buy up other properties to facilitate parking and other developmental requirements, pay for the tear down of the church, mitigate contaminated soil, etc. Several citizens brought up that fact that the TIF Project financing would not pay back the loan in 23 years and a SSA would not be attractive to buyers who would have to pay extra taxes for the privilege of living there. We were told that Shodeen had very sharp pencils and his figures would be more accurate than ours (the citizen's). Several of us mentioned that banks should be making loans to developers, not taxpayers.

This was in response to placing the property in a TIF District. We pointed out that Shodeen is a TIF Developer and that means that he is dependent upon the taxpayers to pay for his developments.

The Council needs to do more to vet the developers they are doing business with or planning to do business with. Consider the following:

- How many development projects does Shodeen currently have in the works?
- How many of his current projects has he gone "back to the drawing board" with the various city planning commissions and councils?
- How many of his projects have been delayed over and over again because the project would have cost overruns and couldn't be built as he had originally calculated with his "sharp pencils"?
- How many contracts has he renegotiated after having the cities make a substantial commitment just as he has done in Batavia? He holds back just long enough to make the cities believe that too much time and money has been invested to turn back or quit the project. Development blackmail.

Let's look at TIF Development. TIFs take any increase in property value for properties in the TIF District and put that money towards development for alleged blighted areas. Developers love it because their projects are actually paid for and financed by taxpayers. TIFs are now very popular. The number of TIF Districts and TIF financed projects have been growing exponentially all around Illinois and across the country. The TIF projects have not delivered the promises made when established and many have been extended or renewed or incorporated in expanded properties. The State of Illinois has recognized the problem and there is a move afoot to limit TIFs to 10 years. That's why Batavia and surrounding towns have been in a big hurry to set up or extend TIF districts.

Why is the State looking to reduce the longevity of TIF districts? Consider the following:

- TIF Districts are not established by a vote of the people.
- Nearly every politician runs for office on getting money for education and investing in our schools. TIF projects take away money from our schools and our children.

- The people vote on any tax increases for schools that exceed the COLA. But the TIF Districts, when established, take away (divert) tax dollars from schools, libraries and other taxing bodies. Therefore, the money for our schools and the education of our children is reduced and diverted to developers for TIF projects. This isn't a one time or short-term deal. The increases in property values and taxes in the TIF District are diverted from the schools for a minimum of 23 years and its no small amount of money.
- Taxes have to be increased to cover the losses and we, the people, don't get a say in how the TIF money is spent.
- TIF projects fail more often than not. And often, after 23 years, whatever project the TIFs funded are going to need to be redeveloped and it starts a big spiral. Aurora Outlet Mall TIF paid and when the School Districted started getting money the Outlet Mall asked for it back to expand the mall).

Dinwiddie urged the Council to suspend all TIF development and start a review of all TIF projects and the developer's record of completing projects as originally approved. How many have been continuously renegotiated? How many times has the developer come back for more concessions or money?

TIF Development can be a good thing if properly managed and if the duration is not 23 years but is much shorter. But TIFs have been and are being abused and taxpayers and our children are being robbed of money for schools and libraries and parks and even needed repairs to our City's infrastructure in favor of financing developers. It has to stop. She urged the Council to take a good look at Shodeen's and other developer's histories. Consider the following:

- How many projects have they defaulted on?
- How many projects do they have in the hopper at one time?
- How often has the developer come back to renegotiate?
- How reliable is the developer's word?
- What happens when there is an economic downturn as we had up until three years ago? How do we cover for it?
- If a project can't pay for itself up front, how can we expect it to pay for itself in tough economic times?
- What will happen to the buildings? Will they languish in disrepair like the old church?

Dinwiddie urged the Committee to step outside wants and think about the real long-term consequences. Batavia extended 2 TIFs several years ago and has incorporated properties from a prior district into a new TIF thereby bypassing the required legislative approval for extending the TIF and actually permitting a 23-year extension.

TIFs are dangerous, unfair to our children and the taxpayers and other taxing bodies. Please do your homework. It's better to walk away form a potential money pit. Maybe taking out the jog would be of better benefit to the people. Taking out the jog on Route 25 would improve safety and traffic flow through the City.

We taxpayers can't get tax dollars to fix or repair our property. We have to pay for permits and jump through all kinds of hoops. When our property is improved, what is our reward? Higher

taxes. Dinwiddie shared that they have paid more in taxes for our house in the years since we bought it than we originally paid for the house, including mortgage, interest and improvements. There are no breaks for homeowners. She concluded that she is not against development but it must be responsible development.

David Peables, 525 North Avenue, longtime resident addressed the Committee. He shared that he was a member of the Batavia Baptist Church for many years before they decided to move west. He knows commercial is important for taxes but he would hate to see the School District not getting their fair share of this but commercial is important. He looks at this in a different perspective. If we kept the church there we had a lot of members there if it were sold to the other church Mrs. Dinwiddie talked about it might have done more good than commercial. He hated to see it go down. He was here when they started this project and he asked about IDOT and Route 25 and predicted that there would be problems with that. He hears today that IDOT will be looking into the left turn lane out there. IDOT has a direct responsibility to the citizens of Illinois and they may say no. That could delay this project. IDOT is an important issue to this new development that Council has to vote on.

Sylvia Keppel, 1420 Becker Avenue, stated she could produce documents about the jog study. According to the minutes of the meetings at that time there was never an IDOT representative that came here. It was presented by the former City Administrator and there were no documents attached to those meeting notes. The City killed the project. The City initiated the jog project and they killed the job project before the church was actually purchased. That is in the timeline that she could produce if requested. Keppel stated that she understands the Mayor's support of Shodeen but Shodeen has benefited from everything and we don't owe him anything. She believes that government should not enrich private developers with tax dollars. Government should create an environment for businesses to flourish, not to pick winners. Alderman Cerone got it right, this is not free money. TIFs cost all of the other taxing bodies. You are taking money from us for 23 years to give to a wealthy developer while letting him out of the requirement to provide the minimum parking for his tenants. Now you want to extend it to 35 years. That does not seem fair. She asks what should be the purpose of government. Stark got one thing right, you need a purpose. Figure out what identity you want Batavia to have. Throwing an apartment building in the middle of downtown does not give us an identity. Spend some time considering what you want Batavia to be. Apartments don't benefit the City. They will cost more to City services. What would apartments create, 300-400 people? In a population of 26,000 that is a drop in the bucket. 300 people will not single-handedly revive the downtown. We have the Randall Road corridor, there is nothing we truly need in the downtown. Your engine should be new businesses that use electricity. New big retail that provides big sales taxes, like car dealerships. Do you plan to hold the 300 people hostage so they have to shop within walking distance. Are you going to shut down their internet so they cannot shop from Amazon? Please use common sense and think about it. How many people can realistically walk to the downtown. We live in the suburbs, we have to drive. She has lived in Chicago, she knows what urban living is like. She moved to Batavia because she did not want urban living. We don't need magnitude. 16 million dollars is too much for tax dollars to go towards parking. That is what we are arguing that this is for. That is \$48,000 per parking spot. Finally, the School District voted against the TIF. They thought it would cost them money so they voted against it. Please figure out what you want

Batavia to be. Downtown is not going to be an engine, its just not. Let Shodeen walk and open up to new ideas, something that better fits Batavia and people can get behind.

Rob Hollis addressed the Committee. He expressed that we have confidence in you and that you will make a good decision.

Chris Aiston, the City's Economic Development Consultant, addressed the Committee. He stated that when we talk about extending the TIF to provide enough increment to pay off the bonds that increment is paid by the developer. That is not additional money from the City or the public funds. The TIF project would be extended if the extension is permitted. If that money is being withheld from the taxing bodies they have the right to object to that. If they do object to it the extension is terminated. In terms of not having the project at all because the project would not occur without the extension than they reap nothing from the windfall. The developer could make the decision to wait for the windfall or build a potentially smaller project. The developer is the only ones that potentially lose by having to wait. He asked the Committee to strongly consider extending the TIF whether this project goes forward or not. The land is more marketable with a TIF extension. He believes its in the best interest of the City and for the redevelopment of that parcel and ultimately for the whole downtown to extend this TIF while you still have the opportunity.

The Committee continued discussion on the extension of the TIF. Callahan stated that while he will not support the extension of the TIF, it does not mean that the current TIF does not still have life in it. If this project went away there is still remaining time for a project that people still could get behind. Newman stated that this project was a catalyst to get development started in our downtown. This going away does not set a good precedence.

**Motion:** To recommend approval of Resolution 20-043-R: Authorizing Extension of the City of Batavia Washington Wilson Tax Increment Finance District  
**Maker:** Wolff  
**Second:** Chanzit

Discussion was held on the motion. Wolff stated that he looks at all of the development opportunities that are within five blocks of us right now. All of the other property that has been empty or sat empty before we bought this church, before we looked at the 2009 Friedman rendition of what could be built on that property without taking our parking garage down on a smaller scale. There isn't a line up for developers to do all of those properties. If we say no to extending this TIF he does not believe there will be a line up of developers interested in the 17 years left of the TIF. He does see that if we put 300 more people into the downtown, development happening across the street to take advantage of the opportunity of people living within walking distance. We have two huge restaurant spaces within a block of this that are not going to be filled until the decision gets made on this property or it gets started on building this. As soon as development happens those two spaces will fill. The other properties that are within the downtown people will seriously look at to do other things with. Until that happens there will not be much happening in the downtown. O'Brien concurred. Baerren stated that she would like to extend the TIF but not with the development as it is. Bringing in 200-300 people we don't have the retail space to provide opportunities for them to go downstairs. She is not interested in

the parking garage. People have Uber and other sources of transportation. She worries about retail space and being able to support those people, have the stores, restaurants and amenities that they are looking for. She does not see with this project being able to support that number of people. Newman stated it is a chicken and the egg scenario. You would not see retail if there were not people there to support retail. Here we are creating our first density in our downtown. It would be the catalyst to get things going. McFadden stated that there is developable land just north on River Street. We just need people to drive the demand for the retail space. Callahan stated we could say no to the extension of the TIF or they could still come back to us with a different proposal of a project to extend the TIF for. TIF still exists today, it is not going away with this vote. We still have a TIF in place. Newman stated that it is just a fifty million dollar project that goes away. She would be remiss if she did not point out the costs of that decision. Malay stated that it has been four years now and the bumps in the road for this project keep coming. If we are going to extend we are buying time. The market is different today than it was four years ago. He would be in favor of extending the TIF if we put in a Request for Proposal to see who is out there. Newman stated it would be a hard sell to the School District. The School District knows this developer has agreed to pay for every school aged student that is a part of this development so they know they have those costs covered and they see the windfall at the end of the TIF. Knopp commented that Chris Aiston knows more about community development than he does so he is going with Chris Aiston's recommendation. He is the profession on staff that he is taking advice from.

**Roll Call Vote:**      **Aye:** Wolff, O'Brien, McFadden, Miller, Russotto, Beck, Knopp, Chanzit, Baerren  
                                 **Nay:** Callahan, Malay, Uher, Cerone  
                                 9-4 Vote, 1 Absent, Motion carried.

Aldermen Uher and Chanzit exited the meeting at 9:19pm.

**7. Resolution 20-041-R: Authorizing Execution of Contract with SewerTech, LLC, Schaumburg, IL to perform Sanitary Sewer Collection System Cleaning and CCTV Investigations for an amount not to exceed \$37,392.03 (Which includes 10% Contingency) (JB 2/24/20) PU**

**Motion:** To recommend approval of Resolution 20-041-R: Authorizing Execution of Contract with SewerTech, LLC, Schaumburg, IL to perform Sanitary Sewer Collection System Cleaning and CCTV Investigations for an amount not to exceed \$37,392.03 (Which includes 10% Contingency)

**Maker:** McFadden

**Second:** Russotto

**Voice Vote:** 11 Ayes, 0 Nays, 3 Absent  
Motion carried.

CONSENT AGENDA

**8. Resolution 20-042-R: Authorizing Execution of Task Order #19 with Engineering Enterprises for Professional Services Related to an AWIA Mandated Waterworks**

**System Risk and Resilience Assessment & Emergency Response Plan for a Fixed Fee of \$70,047.00 (JB 2/24/20) PU**

**Motion:** To recommend approval of Resolution 20-042-R: Authorizing Execution of Task Order #19 with Engineering Enterprises for Professional Services Related to an AWIA Mandated Waterworks System Risk and Resilience Assessment & Emergency Response Plan for a Fixed Fee of \$70,047.00

**Maker:** Malay

**Second:** Miller

**Voice Vote:** 11 Ayes, 0 Nays, 3 Absent  
Motion carried.

Chair Wolff asked for a two-minute break at 9:33pm. The meeting resumed at 9:35pm.

**9. Annual Report: Public Works**

Holm presented a PowerPoint presentation to the Committee that consisted of the following information:

- 2019 Strategic Initiatives
- 2019 Organization Changes
- 2019 Department Technology
- 2019 Streets Division
- 2019 Public Properties and Services Division
- 2019 Wastewater Division
- 2019 Water and Sewer Division
- 2019 Electric Division
- 2019 Engineering Division
- 2020 Construction Projects
- 2020 Planning Projects
- 2020 Technology
- 2020 Key Issues
- Prairie State
  - Information Video shown to the Committee
  - Prairie State and University of Illinois project (grant to study carbon capture)
    - Feasibility Study (FEED Study) capturing carbon emissions.

**10. Project Status**

Newman reported on the following:

- The March 17<sup>th</sup> COW meeting is cancelled

**11. Other**

Cerone asked if there are any classes for City Officials and staff for negotiating. He explained that it appears that the developer has received everything, including the properties. Newman suggested that in the next RDA don't promise to acquire the properties as part of the City's responsibility. That was highly unusual. Cerone stated that we were here and negotiating and the City lost in every case.

**12. Adjournment**

There being no other business to discuss, Chair Wolff asked for a motion to adjourn the meeting at 10:08pm; Made by O'Brien; Seconded by Callahan. Motion carried.

Minutes respectfully submitted by Jennifer Austin-Smith, Recording Secretary, on April 19, 2020.