

MINUTES
July 12, 2016
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 Brown called the meeting to order at 7:30pm.

1. Roll Call

Members Present: Chair Brown; Ald. Russotto, Atac, Stark, Chanzit, Wolff, O'Brien, Callahan, Mueller, Botterman, Cerone and McFadden

Members Absent: Ald. Fischer and Hohmann

Also Present: Mayor Schielke; Peggy Colby, Director of Finance; Jeff Albertson, Building Commissioner; Laura Newman, City Administrator appointee; Bill McGrath, City Administrator; Scott Buening, Director of Community Development; Chris Aiston, Economic Development Consultant; Gary Holm, Director of Public Works; Phil Bus, Chair of the Historic Preservation Commission; Doris Sherer, Commissioner of the Historic Preservation Commission; and Jennifer Austin-Smith, Recording Secretary

2. Approve Minutes for June 21, 2016

Motion: To approve the minutes from June 21, 2016

Maker: McFadden

Second: Mueller

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

3. Items to be Removed/Added/Changed

There were no items to be removed added or changed.

4. Matters From the Public (For items NOT on the agenda)

There were no matters from the public at this time.

5. Approval: Water Street Studios/BEI Loan Forgiveness Year 7 (PLC 7/6/16) GS

The memo was overviewed prior to the motion.

Motion: To recommend to City Council approval of the Water Street Studios/BEI Loan Forgiveness Year 7

Maker: McFadden

Second: Callahan

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

6. Approval: Class B-5 Liquor License The Pride of Batavia (BP Amoco) (GJS 6/30/16)

Atac summarized the memo for the Committee. There were no questions.

Motion: To recommend approval to City Council of the Class B-5 Liquor License The Pride of Batavia (BP Amoco)

Maker: McFadden

Second: Stark

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

7. Ordinance 16-40: Amending Title 8 of the Batavia Municipal Code Regarding Electric Rates and Metering (PLC 7/6/16) PU

O'Brien overviewed the memo. Colby discussed the solar rate. Currently the Code is silent on the rate that we would pay the customer for the energy that they push back onto our grid. We have been paying them the retail rate since we do not have a rate in place to pay them. It does not make sense to pay the retail rate for energy they are pushing back to us to be resold at the wholesale rate. The solar rate that we are recommending is the wholesale rate. Colby clarified that they want to keep the rate equal to what the City would receive if we were selling it. There are about five or six accounts right now and only one customer that is generating two thousand kilowatt hours back to the grid. Once this is passed, the customers would be notified. Colby stated that there is an option in the Code that allows for solar customers to not be on our grid.

Motion: To recommend to City Council approval of Ordinance 16-40: Amending Title 8 of the Batavia Municipal Code Regarding Electric Rates and Metering

Maker: Wolff

Second: Chanzit

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

8. Resolution 16-60-R: Authorizing Agreement with Thorne Electric Inc. for 1801 Suncast Lane Electric Service Installation for an amount not-to-exceed \$190,279.00 (Mustafa Kahvedzic 7-1-16) PU

Holm stated that there were four contractors at the preconstruction meeting but the City received only one bid. Thorne Electric has worked for the City in the past and the staff is very comfortable working with them. Staff recommends approval of the resolution.

Motion: To recommend to City Council approval of Resolution 16-60-R: Authorizing Agreement with Thorne Electric Inc. for 1801 Suncast Lane Electric Service Installation for an amount not-to-exceed \$190,279.00

Maker: McFadden

Second: Callahan
Voice Vote: 12 Ayes, 0 Nays, 2 Absent
Motion carried.
CONSENT AGENDA

9. Presentation: Proposed Washington-Wilson Tax Increment Financing District, TIF Eligibility Findings (Chris Aiston 7/6/16)

Aiston announced that the City is looking at a new project in the downtown district on the old First Baptist Church site. He stated that we would need 23 years of a TIF term to pay the debt back. Aiston presented on the proposed TIF District utilizing a PowerPoint Presentation that included the following information:

- Proposed Washington-Wilson Redevelopment Project Area
- 13 Factors in Determining Feasibility in Creating a TIF District
- “Conservation Area” TIF Definition and Factors in determining Feasibility for TIF Designation (“But for” action taken by a municipality; Defined and Factors)
- Properties Represented by Structures 35+ Years of Age
- Distribution of Structures and Surface Improvements Displaying Deterioration
- Distribution of Properties below Minimum Code Standards
- Deterioration of Buildings and Structures (photos shown of 111 East Wilson and 113 East Wilson, 121 East Wilson, Parking Deck, 133 East Wilson, 206 East Wilson)
- Deterioration of Public rights of way (Washington Ave, State Street and Wilson Street pictures shown)
- Summary Report of Findings
- Decline in Equalized Assessed Value
 - District Wide EAVs declined in three of the last five years
- Alternative Next Step Options

Aiston asked if there were any questions. Atac asked about the properties to the north. McGrath stated that we don't feel those properties are appropriate to be part of the project. They could be incorporated with a Larsen-Becker project in the future. Botterman asked about the patchwork of TIF districts. Aiston stated that the most successful economic development tool in the State of Illinois is the TIF. We need to take advantage of the legislation and use TIF to stimulate private investment. McGrath stated that a TIF lasts for 23 years. We do not want to put a property under TIF until there is a project there to give the project as much “life” as we can. Aiston stated that we are putting properties that are not on the tax rolls onto the tax rolls. Stark overviewed the memo regarding budget impact, staffing impact, timeline for actions and staff's recommendation. Staff recommends the COW take the attached Eligibility Report and Findings under consideration and recommend to the City Council its acceptance, and formally notifying all affected taxing bodies of same.

Motion: Staff recommends the COW take the attached Eligibility Report and Findings under consideration and recommend to the City Council its acceptance, and formally notifying all affected taxing bodies of same.

Maker: Brown
Second: Wolff

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

10. Discussion: Draft Redevelopment Agreement, City of Batavia and 1 N. Washington, LLC

Aiston presented utilizing a PowerPoint presentation on the redevelopment agreement. The developer is Shodeen Incorporated and David Patzelt from SDI is in attendance tonight to answer any questions. The presentation included the following:

- Proposed Redevelopment Project, One North Washington Place
- Redevelopment Area Aerial Image
- Project Components
 - By Use
 - By Floor
- Proposed Mixed-Use, Multi-Story Building Program Summary
- Proposed Mixed-Use, Multi-Story Building Site Plan
- Project Site Plan (Shown over existing building footprints)
- Apartment Plan – Floors 1-3
- Apartment Plan – 4th Floor
- Lower Level Garage Plan
- Building Massing
 - Looking east, west and aerial
- Draft Redevelopment Agreement
 - Developer's Obligations
 - City Obligations
 - Key Financial Considerations

Stark asked if there were any questions. Brown asked how long the SSA term would be. Aiston answered that it would be good through the TIF or however long the debt is paid off, whichever is first. Atac asked about the value of public improvements on this project. Aiston answered that it should be somewhere near ten million dollars for this project. She asked about the fair market value and the construction costs. She said that she is not sure how comfortable she is with the numbers. Aiston stated that the Township Assessment Office would assess the values going forward. He stated that we do not know what the market would be at the completion of this project in 2018. Botterman asked why is it required for the taxpayers to pay for the cost of the properties and then transfer the properties for only ten dollars. Aiston answered that we are subsidizing that. The developer informed him that he could make this work if could provide the land and the parking. We are providing the land for free to enable the project. Our consultant was sent the numbers and informed us that the project was very thin in terms of the market expectations and rate of return and that is with no value against the land. The consultant used conservative numbers on the values as well.

Botterman asked about the budget. Patzelt stated that they have a budget for the entire thirteen million dollars that they could share with the Committee. We are at \$20,000 per parking space for the parking garage. That number is a good number and we have worked with parking consultants and designers. TIF expenses have to be verifiable expenses that we have paid and

verified through certified payrolls and receipts to contractors. State statute allows for only certain items to be TIF approved expenses. If the parking garage is built at a lower expense he cannot charge the City \$20,000 a space. It has to be verifiable expenses to meet state statutes. If the spaces come in at \$30,000 then we have an issue. We then need to make a decision if the developer pays for the difference or do we pull the plug or change the project. Everything is open book, otherwise it would break the state statute on accounting and he will not do that. The City is fixed at thirteen million, if it is less you get the advantage of the thirteen million. If it is more then he, as the developer, would have to go back to the drawing board. Patzelt continued that within the redevelopment agreement there is a section that has the budget and you will see the line item for what each of those expenses are and how it totals to the thirteen million dollars. When the assessor is trying to value the residential unit, downtown Batavia does not have high rental rates and that brings the value of the residential unit down. When the value is down it could cost more to build the unit than what we could get as a rate of return and that is what is happening in our pro forma and if it was not “but/for” the TIF or “but/for” your contribution to the project, the project developer would not make that investment into the community. Even with the TIF, this is a difficult project and the market is very tight.

O’Brien stated that the City is going to pay thirteen million dollars with the bond money plus give the developer property. We will get the garage back. McGrath stated that the developer is putting thirty million dollars into this project. Wolff asked about the school system. Aiston stated that they are entitled to and will be reimbursed for up to 26 children. After that then they will exceed the 40% and not receive the per capita cost. We do not expect this ever to get to that level of increment. Callahan asked about the parking. Aiston stated that there are currently 126 spaces between the deck, surface lots and the on street parking in the redevelopment area. The project, as it is drawn now, shows 304 parking spaces. They will all be public spaces. There is one condition that the City would issue up to 200 overnight parking passes. Anyone living in the downtown community is entitled to apply for one of those permits.

Callahan asked how do we make sure that we are not adding loss for parking. McGrath stated that this project provides housing for a demographic that we do not have quality homes for. That is the 25-45 year olds with no or very young children prior to purchasing homes and those in our community who want to downsize and want to move into the downtown closer to the river. This is a demographic that can live in smaller spaces and walk more. They spend more money eating out and have more disposable income. McGrath stated that there is a need to get more data but he believes that the demographics will show that far less cars would come out of these living units. Callahan asked how many parking spaces would be ADA accessible. Patzelt stated that they would exceed the ADA requirement. Patzelt noted that his other developments have been 1.0 parking spaces per unit and not based on the bedroom count. Patzelt stated that peak parking is at night when people are at home sleeping in the unit. Patzelt stated that there is a shared parking ratio to consider as well. For example, a resident parks there and lives there and he parks his car and goes to his apartment and afterwards walks across the street and goes to a restaurant. In theory, his one car has now parked for the apartment and as a patron at the restaurant.

Chair Brown welcomed the chair of the Historic Preservation Commission (HPC), Phil Bus, to address the Committee. Bus reported on the COA for demolition process. He stated that the HPC decided that they needed subsequent meetings to view this material. There was a general

consensus that the 1930 and 1959 portions of the church were not significant. The sanctuary of the church built in 1889 has significant structural problems that would make it difficult to save so our focus has been on the bell tower. We also discussed the differential settling of foundations, so if you have one new parking garage foundation next to the limestone foundation you don't want those settling at a different rate. There are techniques for taking some of the bell tower veneer and numbering and marking it in such a way that it could be put back up as a veneer to that prominent corner of the building to help preserve some of the historic look of that corner. The HPC would have to move to a second meeting and then take our action at the second meeting.

Stark asked how long has this property been for sale. McGrath stated that the sign has been on the property for five years. The poor condition of the building was discussed. Botterman asked about the demolition of the church. Aiston stated that the estimated cost is around \$300,000.

Atac asked why these units are not being built as condo units. Patzelt stated that they call them residential units and the current state of the market is that we would not be able to finance a condo development. You need a minimum of 50% deposit on the units and it is difficult to get people to give a deposit. We do know that the market swings and they do believe that the condo market will be back. We build each of the units to a condo standard.

Mayor Schielke shared that there is great interest for housing such as this project. Stark stated that aging in place is something to consider. This development speaks to multigenerational living, which is a nice feature of Batavia.

11. Closed Session: Setting the Price of Land for Sale (SB)

Motion: To enter into closed session for setting the price of land for sale
Maker: O'Brien
Second: Cerone
Voice Vote: 12 Ayes, 0 Nays, 2 Absent
Motion carried.

The COW went into Closed Session at 9:31pm. The Closed Session was completed at 9:39pm.

12. Project Status

McGrath stated that staff went through the Baptist Church today looking at what could be salvaged. We need to find out what our liability might be to let people into the building to take out things rather than taking them out ourselves.

McGrath announced NIMPA Bonds could be called or refinanced. We may be able to save a million a year in electrical costs due to the favorable interest rates.

McGrath stated that Laura Newman, the next City Administrator will be taking a basic course on electricity and electric utilities at the University of Wisconsin sometime this Fall.

13. Other

Botterman asked if there was any new information from the lawyers for Prairie State. McGrath stated that a meeting would be scheduled.

Botterman asked about clearing the canopy of the former Marathon Station. Buening stated that once the TIF eligibility is finalized staff would precede working on this property. There have been inquiries on this property to reuse it as a gas station or as a restaurant. Buening stated that the property owner has been notified by the State Fire Marshal to remove the tanks by the end of the month.

14. Adjournment

There being no other business to discuss, Brown asked for a motion to adjourn the meeting at 9:47pm; Made by O'Brien; Seconded by Callahan. Motion carried.

Minutes respectfully submitted by Jennifer Austin-Smith