

MINUTES
August 16, 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, Fischer, O'Brien, Callahan, Hohmann, Mueller, Botterman, Cerone (entered at 7:37pm), and McFadden

Members Absent:

Also Present: Mayor Schielke; Chief Deicke, Batavia Fire Department; Laura Newman, City Administrator; Kevin Drendel, Legal Counsel; Scott Buening, Director of Community Development; Jeff Albertson, Building Commissioner; Gary Holm, Director of Public Works; Peggy Colby, Director of Finance; Chris Aiston, Economic Development Consultant; and Jennifer Austin-Smith, Recording Secretary

2. Approve Minutes for June 28, 2016 and August 2, 2016

Motion: To approve the minutes for June 28, 2016 and August 2, 2016

Maker: Stark

Second: Wolff

Voice Vote: 13 Ayes, 0 Nays, 1 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)

John Lotito stated that something has to be done with the speeding on Batavia Avenue. You have pedestrians walking along Batavia Avenue. Someone went over the curb into the tree. The neighborhood lost three mailboxes. The electrical workers were dodging cars. A mailperson quit after three days due to the traffic. He asked the City to please put some police out there, start writing tickets and make money for the City. Brown asked Wolff to work with the police department regarding this issue.

5. Consent Agenda

(The Consent Agenda is made up of items recommended by city staff that requires recommendation to the full City Council by the COW. This agenda is placed as a

separate item on the COW agenda. The items on the Consent Agenda are usually minor items, already budgeted, standard non-policy activities or outgrowths of earlier meetings and are voted on as a “package” in the interest of saving time on non-controversial issues. However, any council member may, by simple request, have an item removed and placed on the “regular” agenda.)

- a) **Resolution 16-72-: Approving Task Order #9 with Rotter and Associates, Inc. (Gary Holm 8/11/16) PU**
- b) **Resolution 16-71-R: Authorization to Purchase a 2016 Ford F250 Truck Chassis from Morrow Brothers Ford for \$26,580.00 (Scott Haines 8/9/16) PU**

Motion: To recommend to City Council approval of the Consent Agenda as presented
Maker: Stark
Second: Wolff
Voice Vote: 13 Ayes, 0 Nays, 1 Absent
Motion carried.

6. Fire Station Monument Signs (RD 8/9/16)

Chief Deicke reported that the Fire Department did not receive the grant and inquired if the City would be able to honor the previous commitment. He could cover the rest of the cost with donations.

*Cerone entered at 7:37pm.

The Committee directed Chief Deicke to proceed with the fire station monument sign with the City’s contribution of \$19,000 and the rest paid for with donations.

7. Presentation: Draft Washington-Wilson Tax Increment Financing District Redevelopment Plan and Program (Chris Aiston 8/11/16)

Aiston presented on the Proposed TIF District, TIF 5 and discussed the following

- Eligibility findings (summary of findings)
- Existing Land Use Map
- Purpose of the redevelopment plan
- Redevelopment plan 7 objectives
- Proposed Land Use (Downtown Mixed Use)
- Redevelopment Plan and Phasing Concept
- TIF plan and program budget
- Redevelopment project area build-out property tax estimates
- Declaration of findings of need for Tax Increment Financing (TIF)
- Financial impact of redevelopment on local tax districts

Aiston stated next Tuesday the Committee will have two ordinances.

Sylvia Keppel stated that the TIF District is a farce. It’s the City’s fault that some of the properties are not up to code. The only vacant and not up to code building is the Marathon. Everyone’s EAV has dropped and the EAV has gone up on one of the properties. She does not

like this TIF district. TIFs take money from the rest of the pool of resources from the rest of the town. The TIF money takes away money from the replacement of sewers. Consider the ramifications that you are telling people. The City is purchasing privately owned property, letting it deteriorate and then calling for a TIF. The Community Planning is constantly being changed.

Buening stated the City is doing enforcement on the Marathon property but it takes time to get that done. The property has recently changed ownership. The community has not been stagnant and things change and the Comprehensive Plan changes as conditions change. A good planning practice is looking at the plan every five years and this review is the normal course of business.

Callahan asked if the same amount of taxes that the City receives and the other entities today are the same that will continue whether or not there is a TIF. Aiston stated that is correct. The only new taxes that will be generated and spent in TIF allocated and budget items would be taxes that are created from the new development itself. This is an example of the development paying for itself through the tax increment that they are providing the TIF fund. Callahan asked if this project does not occur there would be no new tax money created. Aiston stated that if we didn't do anything, one could assume that assessments would continue to deteriorate and there would be less chance for a developer to redevelop the site. Callahan stated that these parcels already exist in a TIF for which those conditions already were in place. Aiston stated that they were in two different TIFs. Botterman stated that a few weeks ago when we created the TIF discussed this evening, he asked several times about the Marathon Station. Botterman stated that he recollects Buening stating that the City was holding off on the Marathon property in order to establish the blight condition for this TIF. Buening stated that letters had been sent to the former property owner about the violations before we started this process but we did not follow through with the prosecution of it during the time we were trying to establish the TIF. O'Brien asked, for clarity, if the City was attempting to create a blight condition. Buening stated that absolutely not and the existing conditions were already there.

Yvonne Dinwiddie stated that she does not see how we can maintain the current tax we get from that if the City is buying up two more properties and that will take those properties off the tax roles. Frydendall will not be off the property until February so that means he will not be paying property taxes for time of sale through February. Aiston stated that the City will be buying the properties per the redevelopment agreement and then the developer would purchase those properties from us, per the redevelopment agreement.

After discussion, Stark asked Aiston what direction he needed from the Committee. Aiston stated that he needs direction from the Council to proceed forward in accordance with the State Statute. At the next meeting you will have the ordinances that establish the public hearing date as well as the ordinance that establishes the public registry.

Motion: To direct staff to proceed in accordance with the state statute, adopting ordinances establishing the date/time/place for a public hearing, including the intention to convene a Joint Review Board to consider TIF designation prior to such hearing and an interested party registry

Maker: Brown
Second: Callahan

Roll Call Vote: **Aye:** Brown, O'Brien, Callahan, Hohmann, Mueller, Cerone, McFadden, Russotto, Atac, Stark, Chanzit, Wolff, Fischer
 Nay: Botterman
 13-1 Vote, 0 Absent, Motion carried.

8. Discussion: Redevelopment Agreement with 1 N. Washington, LLC CD

Newman stated that included with your packet tonight was a memo that outlined the most important changes to the document since July 12th. Newman discussed the major changes with the Committee:

- The number of parking spaces were changed from 300 to 359
- The apartments numbers were changed from 171 to 186
- The developers would be responsible for the onsite utility improvements only and the City would be responsible with off site utility improvements (the costs are all TIF eligible and reimbursable costs)
- The bond was increased from 13 million to 14 million in recognition of the additional parking spaces and garage construction costs. The estimated reimbursement to the developer is 14 million but a paragraph establishes the maximum reimbursement to the developer of 16 million that would be beyond the bond issue and would be a total of all TIF increment reimbursable costs, whichever is less
- The developer is required to post a surety bond to cover the City's bond increment cost between the time that the bond is issued and the developer secures the financing. The City would issue bonds up to 14 million dollars and at its discretion we may issue these in two or more bond issues in the form of tax exempt or non tax exempt bonds
- In exchange of the developer constructing additional public parking spaces the City shall waive the fees for development permitting and approvals
- The backup SSA rate will be established at \$10 for \$100 of assessed evaluation annually. The SSA would be determined on an annual basis to make up for any deficiency in the increment to cover the cost of the payment and interest on bonds as well as any money that the City would have to pay the school district
- The backup SSA to be leveled each year as necessary to meet the financial obligations, principle interest, bonds and the school district per capita operation costs
- Exhibit 10 covers the difference between the 14 million dollar bond issue and any additional TIF reimbursable costs that the developer and/or the City may incur as a result of this project. There is a priority reimbursement schedule
- A true up will be done on an annual basis to establish the increased increment beyond the EAV for the improved redevelopment site. It will identify the minimum annual increment necessary to retire the bond obligations as they become due and EAV necessary to cover that increment at the current tax rate
- In respect to the true up, if it is ultimately shown in the SSA levy imposed on the developer as required to meet the financial needs are higher than the anticipated increment revenues the developer is entitled to a reimbursement of those earlier paid SSAs

The Committee discussed the post completion bond, a surety bond, SSA and EAV. Callahan asked how does this work if this project goes from rental to condo. Drendel stated that because of

the obligation of the developer to maintain a surety that would be there if the building gets destroyed or the alternative to pay off the bonds, that insurance would have to be maintained if they were to sell them off as condos. They would have to become the obligation of the homeowners association. Callahan noted that page 11 of the document needs more specifics added.

Stark opened the floor for the public.

Sylvia Keppel asked what is the reason to not do a referendum for the bond issue. Drendel stated that he was informed that a referendum is not needed. He could ask them about citation of authority. Keppel asked him to find out. Keppel stated that this all seems like a background deal with Shodeen. She would like to request that the closed session minutes be released before you purchase the property and sign the final papers. Keppel stated that having nine days to give other developers the opportunity to submit their plans for this block does not seem fair. She asked that this be opened up for other developers and not based on just dollars. She expressed concern over the parking available on this project and the amount of students that this project would bring in that would affect the school district.

Callahan asked how many developers did the request for qualifications go out to. Aiston responded roughly twenty-four developers along with follow-up phone calls. There was no positive response from any of those. Six months afterwards there was another project that came to staff but after awhile they went away. Botterman stated that the timeline for the RFP did seem to be a very fast turn-around. He asked if this is the time on a typical project. Buening stated that there are no specific time parameters. O'Brien stated that an RFP is usually around six weeks. Botterman asked if we could expand the turn around time. Drendel stated that the only reason why an RFP was created was because the statute states we are required to do so. There is no other reason. Drendel stated that there is an incredible amount of effort and time to put one of these together. There are hours that go into the discussion. They started discussing the project with Shodeen in 2014. Aiston stated that he and Buening would extend the time frame in which people could respond to the RFP.

Wolff noted that this property has been for sale since 2009 and no developers have approached the City.

Drendel stated that the hard questions asked from the residents are appreciated.

Casey O'Brien stated that they have been approached with an offer to sell their property. His main concern is if there is going to be any eminent domain. He asked the City to consider people's retirement when doing these types of projects. Stark commented that we all agree that was not the avenue we want to go down. Stark noted that his property was no part of this project discussion.

Motion: To continue with the redevelopment agreement along with the purchase agreement for the property acquisition at the next City Council meeting

Maker: Cerone

Second: McFadden

Discussion was held on the motion. It was confirmed that only one property would be up for consideration, Frydendal's property at 121.

Roll Call Vote: **Aye:** Brown, O'Brien, Callahan, Hohmann, Mueller, Cerone, McFadden, Russotto, Atac, Stark, Chanzit, Wolff, Fischer
 Nay: Botterman
 13-1 Vote, 0 Absent, Motion carried.

9. Project Status

Newman stated that the Strategic Planning meeting would be held on November 5th.

Brown asked if there is any update on the flooding issue brought up by a resident. Holm stated that studies are being finalized and will be brought to the Committee. Newman stated that she would contact the resident to see whether she would like the City to come out now or after the next rain event to view her property. Newman reported that the swale on Waubensee trail has been corrected and it is expected that the swale will now collect the water. Fischer stated that a different resident is very pleased with the response from the City regarding stormwater.

10. Other

There were no others at this time.

11. Executive Session:

- a) Personnel**
- b) Purchase of Land**

The Committee entered at Executive Session at 9:16pm and exited at 9:46pm.

Motion: To enter into executive session for the purpose of personnel and purchase of land
Maker: Stark
Second: Cerone
Voice Vote: 14 Ayes, 0 Nays, 0 Absent
 Motion carried.

12. Adjournment

There being no other business to discuss, Brown asked for a motion to adjourn the meeting at 9:46pm; Made by O'Brien; Seconded by Fischer. Motion carried.

Minutes respectfully submitted by Jennifer Austin-Smith