



City Council

City Council Chambers ◊ 524 West Stephenson Street ◊ Freeport, IL 61032

**COMMITTEE OF THE WHOLE REPORT
REGULAR MEETING
Monday, August 11, 2014**

1. CALL TO ORDER

The regular meeting of the Freeport, Illinois, Committee of the Whole was called to order by Mayor James Gitz with a quorum being present at 6:00 p.m. on Monday, August 11, 2014 in council chambers.

2. ROLL CALL

Present on roll call: Mayor James Gitz and council members Tom Klemm, Ronnie Bush, Dennis Endress, Sally Brashaw and Michael Koester (5). Alderperson Boldt, DeVine, and Crutchfield were absent.

City Staff Present: Corporation Counsel Sarah Griffin, City Clerk Meg Zuravel, Community Development Director Jim Brown, Finance Director Cynthia Haggard, Public Works Director Tom Dole, City Engineer Shaun Gallagher, Fire Chief Scott Miller, Chief of Police Todd Barkalow, and Water and Sewer Director Tom Glendenning.

3. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Alderperson Koester, chairperson of meeting.

4. APPROVAL OF MINUTES

The minutes of the July 14, 2014 and August 4, 2014 meetings were presented. Alderperson Endress moved for approval of the minutes, seconded by Alderperson Brashaw. Motion prevailed by voice vote without dissent.

5. PUBLIC COMMENTS – AGENDA ITEMS

- Steve Carroll, 811 S. Oak, Freeport, Illinois, spoke in support of the Vacant Property Ordinance. He stated his hope that there is not continual discussion on this ordinance going back and forth between definitions of vacant and abandoned property. Mr. Carroll referenced a number provided by Director Brown in the July Committee of the Whole meeting when he estimated there to be 90 properties identified by the staff to be considered as vacant. He spoke about a FOIA request where he was provided a listing of properties absent of a water and sewer meter and that number was about 340 properties. He stated he hopes this issue of vacant properties will not be soft pedaled because it is a huge problem and one that the administration needs to get out in the open.

6. OVERVIEW OF TAX INCREMENT FINANCING DISTRICT FUND EXPENDITURE PLANS

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Burchard Hills

Community Development Jim Brown presented a memorandum marked as #31-14. The memorandum was summarized to state per the City's Ordinance 2003-62, 25% of the increment created by the Burchard Hills TIF is returned to the taxing bodies. Based on tax revenues of \$2,522.94, the City will return \$630.73. The Burchard Hills TIF is subject to one redevelopment agreement. This agreement was entered into at the same time the TIF was created. FHN agreed to purchase and develop property and the City agreed to reimburse FHN for construction of improvements. This year's reimbursement—based on tax revenue—is \$7,010. Other Planned Expenditures: The minimal amount of funds remaining following payment of financial obligations will be used for miscellaneous legal and other professional services (\$100) and placed in contingency for modest site improvements (\$1,527.15).

Lamm Road

Community Development Jim Brown presented a memorandum marked as #32-14. The memorandum was summarized to state each year the Department forwards expenditure plans for the City's four Tax Increment Financing (TIF) districts. The Lamm Rd TIF was established by the Freeport City Council in 2003. The lifespan of this TIF district is 23 years, so it will expire in 2026. While Freeport's other TIF districts are "conservation areas," the Lamm Rd TIF is an "industrial park conservation area." The Lamm Rd TIF District has a fairly healthy fund balance. Under professional services NIDA receives \$50,000 from TIF funds. Of this, \$27,500 will come from the Lamm Rd TIF, with the remaining amount coming from the West Ave TIF district. At least two sites along Lamm Rd are not "shovel ready," i.e. a potential user would need to expend effort and cost before operations and/or building construction could commence. Sixty thousand dollars has been marked for engineering and design related work: \$25,000 for storm water management studies and \$25,000 for urban design and engineering. We anticipate professional design and engineering work will be necessary to make a couple of sites "shovel ready." Under the heading for Marketing, he provided that in this year's TIF expenditure plan, \$30,000 is marked for E-zone application. This is 60% of the anticipated total application costs (the other 40% will come from other TIF districts). Also under marketing, there is \$24,000 for "marketing strategy and implementation."

Under the heading for Site Improvement Director Brown explained at least two sites along Lamm Rd are not "shovel ready," and \$30,000 has been marked for "site improvements" to make them so. Additionally, \$343,000 will be held in contingency for site improvements to these and other sites and noted in this amount there is a reserve of \$175,000 for the roundabout improvements for when the City is asked to pay their share of the roundabout built at the corner of Kiwanis Drive and Forest Road. The request for payment will come from the Illinois Department of Transportation when they close out the project.

Under the heading for Rehabilitation in the West Avenue TIF, Director Brown provided that forty thousand dollars is held in contingency for building rehabilitation. These funds could assist with façade improvements, repairs, or potentially expansion projects. Under the heading of Financial Obligations it stated the Lamm Rd TIF is subject to three redevelopment agreements:

- 1) Tri-Star Metals RDA. This agreement between the City and Tri-Star Metals, LLC dates from April 2013. The agreement called for Tri-Star Metals to "purchase and redevelop the property located at 611 West Lamm Road" and operate a 211,200 square foot manufacturing facility producing stainless, aluminum and nickel alloy products. Under this

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RDA, Tri-Star is obligated to meet and maintain certain hiring requirements, i.e. at least 65 full-time employees. To stimulate this redevelopment and operation, the City agreed to provide financial assistance up to a maximum of \$422,000. The City is obligated, per the agreement, to “make annual payments until the earlier of the Developer receiving the full TIF amount or April 1, 2026.” However, the City’s obligation for payment to Tri-Star is conditioned by the availability of incremental taxes generated by the project that have not been pledged to previous projects.

- 2) Wal-Mart/Menards RDA. In 2006 the City, Wal-Mart and Menards entered into a redevelopment agreement, whereby the City agreed to pay for certain project redevelopment costs. Under the RDA with Wal-Mart and Menards, the City makes the following payments:
 - Menards, semi-annual payments of \$84,999; last payment due 1 January 2018
 - Wal-Mart, semi-annual payments of \$60,747; last payment due 1 January 2017.
- 3) Lakeview Holdings RDA. In 2004 the City and Seaga Manufacturing and Lakeview Holdings, Inc. entered into a redevelopment agreement, whereby the City agreed to reimburse the developers for certain portions of the redevelopment project costs. The original principal on the note was \$191,869.00.

West Avenue

Community Development Jim Brown presented a memorandum marked as #33-14. The West Avenue TIF was established by the Freeport City Council in 2009. The lifespan of this TIF district is 23 years, so it will expire in 2032. The fund balance in the West Avenue TIF is relatively minimal. A balance of over \$48,000 was brought forward from last year, and tax revenues received this calendar year add about another \$40,000. Together, the two fund sources amount to \$88,023.77. Under the heading of Professional Services he provided that NIDA receives \$50,000 in TIF funds from the City, \$12,500 of which will come from the West Avenue TIF. Other professional services will include \$15,000 for urban design and engineering efforts. The intention here is to design and aesthetic and engineering improvements in the TIF area, particularly along Meadows Drive. The contingency for legal and other professional services (\$20,000) is expected to cover costs associated with the establishment of the contiguous Meadows TIF. Under the heading of marketing he provided that for the development of a detailed analysis and marketing strategy and strategy implementation for the West Avenue TIF, \$15,000 has been set aside to engage expert consulting assistance. The focus of the analysis and strategy will be on the shopping center at the southeast corner of South and West.

For Site Improvements and rehabilitation in the West Avenue TIF it provides for over \$15,500 will be held in contingency for site improvements, e.g. parking lots, perimeter landscaping, and rehabilitation of buildings. Under financial obligations per the City’s Ordinance 2003-62, an amount equaling 25% of the increment created by the West Avenue TIF is returned to the taxing bodies. Based on tax revenues of \$39,995.78, the City will return \$9,998.94.

Downtown

Community Development Jim Brown presented a memorandum marked as #34-14. It provided the background information as the Downtown TIF was established by the Freeport City Council in 1994. The lifespan of the TIF was extended to 35 years by special legislation of the General Assembly. The

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TIF district is therefore set to expire in 2029. The fund balance in the Downtown TIF is healthy. A balance of over \$423,000 was brought forward from last year, and tax revenues received this calendar year add about another \$242,000. Together, the two fund sources amount to \$665,732.

Under Professional Services he provided that unlike other years, we propose not to expend professional services funds on NIDA, but to still include \$50,000 for the Freeport Downtown Development Foundation. Half of this will be for operational expenses and half of it will be for the accomplishment of specific goals. In 2004-05, a landscape architect completed a design for a “Walk of Fame” at Tutty’s Crossing. However, there are no bid documents, and there was no design/bid documents completed for the site outside of this Walk of Fame. The TIF plan includes \$20,000 for remaining design work and the completion of bid documents. An additional \$37,000 is set aside for contingency urban design and engineering for the Downtown TIF.

Under the heading of Marketing, Director Brown provided that for the development of a detailed economic development and retail attraction plan and implementation and/or Raleigh complex marketing, \$22,000 has been set aside to engage expert consulting assistance. For the Site Improvements, this year’s plan includes several specific engineering projects. They are outlined below;

- Adams & Clark Street improvements. These will be completed this fall. A total of \$55,000 of Downtown TIF money will assist with this project.
- Furst-McNess relocation. One building at Furst-McNess will be relocated to enhance utility services to the area. A total of \$15,000 in TIF funds will assist with this project.
- Stephenson Street. The 500 block of Stephenson Street will be reconstructed. A total of \$20,000—which is 25% of the total project cost—will come from TIF funds.
- Tutty’s Crossing Improvements. Site improvements for Tutty’s Crossing—beyond the boat ramp—are contemplated for the fall. This is the implementation project that goes hand-in-hand with the design work/bid documents outlined above. It is anticipated that up to \$15,000 for this project may come from non-municipal sources. A total of \$8,000 has been included in the TIF plan to assist with the implementation.
- An additional \$39,101.17 has been set aside for contingency site improvements. This number results from balancing the TIF plan to zero.

Under the heading of Rehabilitation, Director Brown provided that in addition to site improvements, the TIF plan includes \$125,000 for improvements to buildings. This total is broken down as follows;

- Façade grants. The expenditure plan earmarks \$24,000 in grant money for the 2014 façade grant program. An additional \$18,000 is planned for 2013 façade grants that were approved but not completed and/or paid out.
- Milwaukee Road railroad depot. Civic groups are interested in the rehabilitation of the old Milwaukee Road railroad depot on the east side. The depot would be used as a kiosk along the new regional bike trail. Early estimates indicate the rehabilitation work to cost approximately \$15,000. A railroad historical society has agreed to offer technical and financial assistance to the project as well. It is expected that donations of time and material will reduce the required

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TIF funds to see this project to completion. A total of \$7,500 has been devoted for the adaptive re-use of the depot.

- Contingency rehab. Much rehabilitation work in the Downtown TIF area is needed. We have already seen how emergency work was needed on the Mahoney building and is still needed on the Jackowski building. This year's TIF plan includes a contingency of \$70,500 to accommodate emergency situations.

For financial obligations in the Downtown TIF, Director Brown provided that the Downtown TIF is not subject to City's Ordinance 2003-62, and therefore an amount equaling 25% of the increment created is not returned to the taxing bodies. He explained other financial obligations remain, as outlined below as follows:

- 2011 HUD Community Challenge Planning Grant match. A total of \$81,828 will be due later this year as a match for this grant. In-kind services count toward that total, and the City will use the salaries of two part-time employees as well as contributions of full-time employees to reduce the monetary match to less than \$40,000. This will be the last such payment under this grant.
- Raleigh Brownfield Clean-up Grant match. Funds from the Downtown TIF, in a total of \$143,771.48, will be used to reimburse the General Fund for carryover of unpaid 2013 grant match. This will be the last such payment under this grant.
- City Lights debt. The City pays \$11,500 toward City Lights debt. As of December 2013, there was a debt of \$71,980.24 remaining. An additional \$17,500 will be used to pay down this debt.
- Curb & gutter debt. The City's annual debt service for curb and gutter work completed near Locust Avenue amounts to \$6,100. As of December 2013 there was a debt of \$38,805.35 remaining.
- Raleigh Office debt. A total of \$49,259 is due. This is for the TIF portion of a 2013 bond (that also includes water, sewer and storm improvements). The principal and interest remaining on the TIF portion is \$540,306.
- Hampton Inn RDA. A recent redevelopment agreement for rehabilitation work on the Hampton Inn payment of \$7,500 this year.

Discussion was held on façade improvements that could be made to buildings in the downtown to include a mural.

Aldersperson Bush made a motion to move forward the TIF Expenditure plans to the next city council meeting, seconded by Aldersperson Klemm. Motion prevailed by voice vote without dissent.

**7. VACANT PROPERTY REGISTRATION OVERVIEW AND DRAFT ORDINANCE
(PREVIOUSLY DISTRIBUTED ON 08/04/2014)**

Community Development Director Jim Brown provided to council members a draft ordinance (dated August 4, 2014) which included vacant property registration fees from select Illinois municipalities:

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Vacant Properties - Associated Fees in Select Illinois Municipalities

MUNICIPALITY	POPULATION	REGISTRATION FEE	INSPECTION FEE	ANNUAL REGISTRATION FEE	INCOMPLETE OR FALSE INFO FINE	OTHER
Waukegan	89,078	\$250				
Evanston	75,430	\$400	\$500	\$200		
Bartlett	41,208	\$200	\$250	\$200		
Wheaton	52,894					Guidelines Only
Normal	52,497	\$100 every 6 Mo				
Calument	37,042	\$200			\$100 to \$750	
Glendale, Heights	34,208	\$100				
Northbrook	33,170	\$200				
Niles	29,803	\$200		\$200	Up to \$500/day	
Lemont	16,377	None	1 Free	Yes		
Streator	13,557	\$200		\$200		

Director Brown explained the primary purposes of Vacant Property Registration Ordinance (VPRO) include gathering reliable contact information for the owners of these properties, and insuring that the properties are maintained in ways that will reduce the harm they pose to surrounding neighborhoods to mitigate the appearances of blight in both commercial and residential areas. These purposes are certainly good reasons for the City of Freeport to consider adaption of a VPRO. Our concern is not only with pursuing banks to maintain foreclosed homes, but also to combat the deleterious effects of properties that are vacant simply through abandonment. Regardless of ownership or reason for the structure being vacant, the ultimate goal remains the same: create a registry of vacant buildings and their owners, and encourage responsible owners to expedite the sale, repair, or demolition of the structure. Second, most of the other ordinances in Illinois appear geared as a response to vacant residential properties. For Freeport, concern over vacant commercial properties may equal or outweigh concerns over vacant residential properties.

Director Brown stated the purpose of a Vacant Property Registration Ordinance is 1) to create registry of vacant properties and their owners 2) seeks expeditious repair and/or return to use 3) determines owner responsibilities 4) provides for administration and enforcement 5) determines extent of safety issues for emergency responders. He stated the main purpose is to seek to establish spirit of cooperation between City and Owners.

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In his PowerPoint presentation Director Brown provide multiple examples of properties considered to be vacant. By adopting a vacant property ordinance he explained that the City has three goals (referred to as, "The Three R's": 1) reinvigorating economic vitality of a community, 2) revitalize our neighborhoods and 3) to reduce crime.

Director Brown explained the crucial hurdle in neighborhood revitalization is to secure reinvestment in existing structures. Reinvestment in structures is related to expectations about a neighborhood's future. The lack of reinvestment can be caused from unemployment, poverty, social problems, more appealing housing elsewhere, and access to capital.

The Vacant Property Ordinance can be a tool to assist in managing property issues. Director Brown reviewed the demolition program of the City as another tool. He referred to the Rental Property Registration as another tool. Another tool would be the Single Family Owner Occupied Rehabilitation Program Grant which the City has received \$168,000 in grant funding to repair about 6 homes in Freeport. The reason these funds do not go further is that because of the grant requirements they are required to bring the house up to code and many times this cost upwards of \$35,000 to \$40,000 per house. Qualifications are based on a point system. Director Brown reviewed the process involved in administering the vacant property ordinance and the flowchart provided in his memorandum marked as #35-14. Director Brown explained that the Community Development and Fire Department are responsible for monitoring progress. He provided suggested fees for registration ranging from \$150.00 for a residential property to \$250.00 for a commercial property but noted the fees would be up to council. He reviewed the signs that would be posted X Exterior operations only – enter only for known life hazard and X – Interior operations permitted – enter building with extreme caution. Director Brown stated the draft ordinance presented this evening under Section 1430.07 (a) excludes Fannie Mae and Freddie Mac.

Discussion was held that the fee schedule is a starting point and not necessarily the fee structure recommended by administration. Discussion was held on separating the registration fees for residential and commercial.

Director Brown explained there have been a couple of cases where the Building Inspector worked with a property owner and they fixed up the properties.

Aldersperson Bush made a motion to move forward to the next council meeting the draft ordinance for Vacant Property Registration, seconded by Aldersperson Endress. Motion prevailed by voice vote without dissent (5-0).

Discussion was held that the ordinance was expected to have a date of November 1, 2014 for registration to begin. Discussion was held as to whether the vacant property registration could be accommodated by the one building inspector we have on staff. Director Brown stated that the Building Inspector, John Menke, has indicated he could handle the work load based on the number of estimated properties they reviewed would be defined as vacant.

8. PROGRESS REPORT ON RENTAL PROPERTY REGISTRATION

Presented by Rental Property Registration specialists from the Community Development Department and Police Department

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Heather Lancaster, Community Development Rental Property Specialist provided a PowerPoint presentation on the purposes of the ordinance and the process of getting the registration up and running in Freeport. She explained the purpose was to 1) improve partnership between property owners, tenants, community, police department, fire department, & community development, 2) safer neighborhoods for all residents 3) reduction in crime & drug activity in rental properties, 4) reduction in police calls to rental properties and 5) more stable tenant base for rental property owners. The main purpose was to establish better communication between the City and Landlords. Ms. Lancaster explained that in Freeport there are issues with landlords renting properties without water service, renting with property maintenance issues. There has been crime at residences where they were not reported to the landlord so that they are not aware of issues with the tenant. There have been multiple code violations on properties. The administrative adjudication is not always enforceable.

Ms. Lancaster explained the following timeline:

- Ordinance passed in November, 2013
- Rental Housing employee started February, 2014
- Deadline extended from April 1st, 2014 to June 2nd, 2014
- Crime Free employee started March, 2014
- Major issues with software identified
- Alternative software ideas developed and implemented
- Need for land contract clarification identified
- Amendment to land contract definition passed June, 2014
- Registration deadline June 2nd, 2014
- Started identifying non-compliant landlords in June, 2014
- Closed first rental property (since registration deadline) in July, 2014
- Currently: Adjusting software to issue violations and schedule administrative hearings
 - Handling landlord and tenant concerns
 - Closing uninhabitable rental properties
 - Working with local agencies to cut off revenue streams and rehouse displaced tenants
 - Figuring out software problems
 - Building database
 - Preparing cases against non-compliant landlords

Ms. Lancaster stated to date there have been 2,007 registrations. Based on what is known to the administration, there is almost 100% compliance. The administration had estimated there being 1,927 properties to be registered. She explained the benefits are;

1. Closer contact with landlords and tenants
2. Actively engaged in addressing housing issues
3. Several properties have already been condemned
4. We have made attempts to assist in relocation
5. Assistance from Community Action & FACC with rehousing displaced tenants
6. Community Action & Freeport Township now require inspections by City & landlords to be compliant with ordinance before issuing deposit/rental payments
7. Community Action now reports problematic properties to us
8. Identified and substantiated several issues

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Rental housing is a larger community impact than originally thought. Water issue is a major and widespread issue. Landlords can avoid liability by maintaining separate property identities that insulates them from liability. Rental software was never capable of being used the way Freeport intended to use it and is not compatible with other City systems. A handout was reviewed on revenue and expenditures to date. The program analysis provided that the revenue to date was \$51,410.25 and the total expenditures have been \$66,179.98 due to the implementation cost of software.

Ms. Lancaster explained the next steps are to 1) Reapprove the program, 2) Incorporate landlord/tenant training, 3) Use administrative adjudication and circuit court proceedings to enforce fines and fees, 4) Resolve software issues and 5) Make the rental program part of an overall housing strategy.

Mike Lehmann, Rental Property Registration Police Liaison provided a memorandum dated August 11, 2014. It provided rental property registration provision, positive feedback from owners and managers, and eleven recent experiences. He has provided 370 notices to the landlords of properties registered. To date, Mr. Lehmann reported that there are five different renters who have been evicted from registered properties by their owners and managers. Each of these five renters presented a nuisance to the neighborhoods they lived in and to the Police Department for frequency of calls for service. The information on calls for police service combined with the other problems they presented to their owners and managers led to their evictions. He is aware of one instance where a registered sex offender was living at an unauthorized address. After receiving notice from the Police Department the landlord of that property issued a barring notice to the sex offender. There have been three instances where notification to property owners was the first time the owner was aware that there had been damages or thefts at the property. In one instance where a landlord asked Mr. Lehmann to visit a property to assess an ongoing trespass problem and he was able to provide suggestions to solve the problem.

Mr. Lehmann stated that the program has received written communications from seven of the owners and managers expressing thanks and even accolades for the program. Two owners or managers expressed their concern that receiving a letter from him was some sort of "black mark" on their records. After conversations with them Mr. Lehmann believes that they understand the positive nature of the notices. One of those landlords expressed his approval of the program. Mr. Lehmann completed his presentation by stating that there are additional tools needed such as owner and manager licensing/certification, landlord seminar participation, industry best practices standards, and accountability for payment of fees and fines.

Upon completion of the presentation, discussion was held with aldermen requesting a copy of the presentation and providing their thanks for the information provided this evening. Discussion was held on software program options.

9. PUBLIC COMMENTS – AGENDA OR NON-AGENDA ITEMS

There were no public comments at this time. Mayor Gitz stated he will be sending information to the council regarding the IOCO station demolition press conference scheduled for Wednesday at 9:00 a.m.

10. ADJOURNMENT

Upon motion (Bush duly made and seconded Endress), the meeting was adjourned at 7:55 p.m.

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S/ Meg Zuravel
Meg Zuravel, City Clerk