



MINUTES

MOLINE CITY COUNCIL MEETING

City Hall, 619 16th Street
Tuesday, November 27, 2012

Council Meeting: The City Council meeting came to order at 7:41 p.m. The Council met in regular session in the Council Chambers at City Hall.

Pledge: The Council and audience recited the Pledge of Allegiance.

Roll Call: Roll call was taken with Mayor Welvaert, Aldermen Knaack, Parker, Raes, Ronk, Turner, Schoonmaker, Liddell and Acri present. Absent: None.

Items on Consent:

Approval of Minutes

Committee-of-the-Whole and Council meeting minutes of November 13, 2012.

Second Reading Ordinances

1. Council Bill/General Ordinance 3031-2012

An Ordinance levying and assessing taxes for the City of Moline, Illinois, for the tax levy year 2012 collectible 2013 and enacting an ordinance relating to the same subject matter.

2. Council Bill/General Ordinance 3032-2012

An Ordinance levying a special AD VALOREM TAX within the City of Moline, Illinois Bass Street Landing Special Service Area #5 of the City of Moline, Illinois, for the tax levy year 2012 collectible 2013 and enacting an ordinance relating to the same subject matter.

3. Council Bill/General Ordinance 3033-2012

An Ordinance levying a special AD VALOREM TAX within the City of Moline, Illinois Downtown Special Service Area #6 of the City of Moline, Illinois, for the tax levy year 2012 collectible 2013 and enacting an ordinance relating to the same subject matter.

4. Council Bill/Special Ordinance 4053-2012

A Special Ordinance providing for the financing by the City of Moline, Illinois for the 5th Avenue Reconstruction, 12th – 19th Streets by authorizing issuance of \$1,100,000.00 in a Revenue Anticipation Note and purchase of the same by the General Fund of the City of Moline, Illinois

Omnibus Vote: Alderman Raes, seconded by Alderman Ronk, moved to approve and adopt, by omnibus vote, these items. Motion carried on roll call with the following vote: ayes: Aldermen Knaack, Parker, Raes, Ronk, Turner, Schoonmaker, Liddell and Acri; nays: none.

Items Not on Consent:

Second Reading Ordinances

5. Council Bill/General Ordinance 3034-2012

An Ordinance approving the Tax Increment Redevelopment Plan and Project for the SouthPark Mall Redevelopment Project Area.

Postponed: Alderman Knaack, seconded by Alderman Raes, moved to postpone Council Bill 3034-2012 until April 23, 2013. Motion carried on roll call with the following vote: ayes: Aldermen Knaack, Parker, Raes, Ronk, Turner, Schoonmaker, Liddell and Acri; nays: none.

6. Council Bill/General Ordinance 3035-2012

An Ordinance designating the SouthPark Mall Redevelopment Project Area.

Postponed: Alderman Knaack, seconded by Alderman Raes, moved to postpone Council Bill 3035-2012 until April 23, 2013. Motion carried on roll call with the following vote: ayes: Aldermen Knaack, Parker, Raes, Ronk, Turner, Schoonmaker, Liddell and Acri; nays: none.

7. Council Bill/General Ordinance 3036-2012

An Ordinance adopting Tax Increment Financing for the SouthPark Mall Redevelopment Project Area.

Postponed: Alderman Knaack, seconded by Alderman Raes, moved to postpone Council Bill 3036-2012 until April 23, 2013. Motion carried on roll call with the following vote: ayes: Aldermen Knaack, Parker, Raes, Ronk, Turner, Schoonmaker, Liddell and Acri; nays: none.

8. Council Bill/General Ordinance 3037-2012

An Ordinance approving the Tax Increment Redevelopment Plan and Project for Route 6/150 Redevelopment Project Area.

Adopted: Alderman Raes, seconded by Alderman Knaack, moved to approve Council Bill 3037-2012. Motion carried on roll call with the following vote: ayes: Aldermen Knaack, Parker, Raes and Turner; nays: Alderman Ronk, Schoonmaker, Liddell and Acri. Mayor Welvaert voted aye to break the tie.

9. Council Bill/General Ordinance 3038-2012

An Ordinance designating the Route 6/150 Redevelopment Project Area.

Adopted: Alderman Raes, seconded by Alderman Knaack, moved to approve Council Bill 3038-2012. Motion carried on roll call with the following vote: ayes: Aldermen Knaack, Parker, Raes and Turner; nays: Alderman Ronk, Schoonmaker, Liddell and Acri. Mayor Welvaert voted aye to break the tie.

10. Council Bill/General Ordinance 3039-2012

An Ordinance adopting Tax Increment Financing for the Route 6/150 Redevelopment Project Area.

Adopted: Alderman Raes, seconded by Alderman Knaack, moved to approve Council Bill 3039-2012. Motion carried on roll call with the following vote: ayes: Aldermen Knaack, Parker, Raes and Turner; nays: Alderman Ronk, Schoonmaker, Liddell and Acri. Mayor Welvaert voted aye to break the tie.

Resolutions

11. Council Bill/Resolution 1272-2012

A Resolution authorizing the Mayor and City Clerk to execute a contract with Gold Star FS, Inc. for 2013 Spring Diesel Fuel Average Price Contract and 2013 Fall Diesel Fuel Average Price Contract.

Approved: Alderman Ronk, seconded by Alderman Schoonmaker, moved to approve Council Bill 1272-2012. Motion carried on roll call with the following vote: ayes: Aldermen Knaack, Parker, Raes, Ronk, Turner, Schoonmaker, Liddell and Acri; nays: none

First Reading Ordinances

12. Council Bill/General Ordinance 3028-2012

An Ordinance approving the Tax Increment Redevelopment Plan and Project for the 41st Street Redevelopment Project Area.

13. Council Bill/General Ordinance 3029-2012

An Ordinance designating the 41st Street Redevelopment Project Area.

14. Council Bill/General Ordinance 3030-2012

An Ordinance adopting Tax Increment Financing for the 41st Street Redevelopment Project Area.

15. Council Bill/ General Ordinance 3040-2012

An Ordinance amending Chapter 20 "MOTOR VEHICLES AND TRAFFIC," of the Moline Code of Ordinances, Appendix 10 thereof, "PARKING PROHIBITED AT ANY TIME," by removing 20th Avenue, on both sides, from the west line of 16th Street, west for a distance of 50 feet.

16. Council Bill/Special Ordinance 4054-2012

A Special Ordinance closing certain streets more particularly described herein to vehicular traffic and authorizing the use of public right-of-way in conjunction with the Reindeer Ramble scheduled for Sunday, December 2, 2012.

Motion for Consideration: Alderman Raes, seconded by Alderman Knaack, moved to consider Council Bill 4054-2012. Motion carried on roll call with the following vote: ayes: Aldermen Knaack, Parker, Raes, Ronk, Turner, Schoonmaker, Liddell and Aciri; nays: none.

Adopted: Alderman Raes, seconded by Alderman Ronk, moved to adopt Council Bill 4054-2012. Motion carried on roll call with the following vote: ayes: Aldermen Knaack, Parker, Raes, Ronk, Turner, Schoonmaker, Liddell and Aciri; nays: none.

Council, Staff and Citizen Comments:

Michael P. Waldron, Public Works Director, indicated that leaf vacuuming ends Friday, November 30, 2012.

Alderman Liddell gave an overview of the attached detail and expressed objections to the Genesis-41st St TIF Redevelopment Plan & Project.

Alderman Ronk indicated that he is not seeking re-election.

Alderman Raes requested clarification regarding discussions with Genesis regarding the TIF. Ray Forsythe, Planning & Development Director stated that there had been discussions with Genesis prior to bringing the item before Council.

Sandy O'Neil, 1604 11th Ave, thanked Alderman Liddell for the presentation and stated that she supports the infrastructure improvements proposed regarding Sanitary Sewer and reiterated continued objections to TIF related projects.

Kathleen Schneider, 1111 11th St, expressed objections to TIF projects.

Executive Session:

Alderman Knaack, seconded by Alderman Raes, moved for Executive Session, for the purpose of discussion of Pending, Probable or Imminent Litigation- 5 ILCS 120/2 (C) (11), Motion carried on roll call with the following vote: Ayes: Aldermen Knaack, Parker, Raes, Ronk, Turner, Schoonmaker, Liddell and Aciri; nays: none.

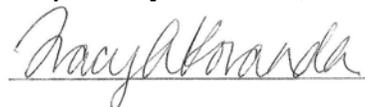
City Council convened in Executive Session at 8:10 p.m.

Council reconvened in open session at 8:12 p.m.

On motion of Alderman Knaack, Council adjourned at 8:12 p.m.

The next regularly scheduled City Council meeting is on December 4, 2012.

Respectfully submitted,



Tracy A. Koranda
City Clerk

TIF

What is the “But For” Requirement?

What is the “But For” requirement?

- According to Chicago-based TIF Attorney Samuel J. Polsky:
- A "but for" test in its simplest form is the requirement that developers be able to show that a deal could not be done without TIF...or similar types of assistance. "But for" such assistance, the deal couldn't transpire.

What does the Illinois Law Say?

- 65 ILCS 5/11-74.4-3
- No redevelopment plan shall be adopted unless a municipality complies with **all of the following requirements**:
 - The municipality finds that the redevelopment project area **on the whole** has not been subject to growth and development through investment by private enterprise **and would not reasonably be anticipated to be developed without the adoption of the redevelopment plan.**

What does the Illinois Department of Revenue Say?

- According to the Citizen Advocacy Center:
 - If an area has the potential to develop without the expenditure of public funds, then TIF cannot be used.
 - The **Illinois Department of Revenue** explains the two reasons for this condition.
 - First, the prerequisite demonstrates that TIF is an economic tool of last resort, to be used after everything else to promote redevelopment has failed.
 - Second, the “but for” provision is supposed to protect other taxing districts from being denied revenues that would be generated without the TIF.

What do the courts say?

- Pleasantdale School District No. 107 vs. The Village of Burr Ridge
 - the court, looking inside the TIF boundaries, found that the redevelopment project area failed the "But For" test in part because of
 - i) a development...that had been proposed which had been rejected by the Village because it did not meet the goals or desires of the Village or its residents
 - and ii) the existence of a proposed development encompassing part of the TIF District that did not request or require any TIF assistance.

41st Street TIF Key Events

- 1998 – Genesis Purchases 41st Street Land
- Nov. 2 2011 – Genesis holds a press conference announcing their plans to develop the 41st Street Property
 - There is no mention of needing city assistance
- Dec. 19 2011 The Moline Dispatch runs an article about how Genesis plans to change to a new care delivery model
 - Article describes how the 41st Street development will “fit into Genesis’s vision for health care”
- Jan. 3 2012 – City Council is first asked to consider approval of TIF feasibility Study for 41st Street land

41st Street Key Events (continued)

- Aug. 16th 2012 – Moline City Council receives TIF Redevelopment Plan and Project document from PGAV Planners which includes the following excerpts:
 - Underscoring the economic need for municipal financial assistance in the form of tax increment financing is the fact that without the City's commitment to provide such municipal financial assistance, there **will not** be commitments for private development and revitalization.

41st Street Key Events (continued)

- Genesis...the developer proposing to develop the Area, has provided the City with a financial pro-forma analysis which shows that the project is not feasible without TIF to reimburse the developer for certain TIF eligible redevelopment project costs. Cost estimates for the initial phase indicates that the net rental rate for the medical office buildings would need to be approximately \$22.50 per square foot. However, according to Genesis, the Moline market will only support \$14.00 to \$16.00 per square foot. It is the intent of this TIF Redevelopment Plan to help overcome the extraordinary cost of redevelopment so as to close or significantly reduce this economic gap. **Without financial incentives to overcome these barriers, investment by private enterprise will not take place to redevelop this area.**

41st Street Key Events (continued)

- The pro-forma analysis provided to the city shows that the Net Rental Rate per SF drops from \$22.55 to \$16.95 if the Moline taxpayers give Genesis **\$2.79 million**
 - This pro-forma analysis will later become obsolete as the development agreement offered by the city is finalized at only around **\$1.55 million**
 - Furthermore – it goes to show that Genesis would indeed develop the property with an incentive package of around ½ of what they originally asked for and what was documented in the TIF Development and Project Plan

41st Street Key Events (continued)

- Oct. 2012 – Alderman Liddell asks the Genesis CEO if development will move forward if the TIF is not passed.
 - Genesis CEO responds that “absolutely” they will move forward, although they may not be able to do as much as they want to right away
 - This statement should disqualify the area’s eligibility for TIF as it shows that the “But For” requirement for TIF approval is in violation

Conclusion

- The evidence presented in this presentation demonstrates that the proposed 41st TIF does not meet the “But For” requirement of Illinois TIF law and therefore should not be passed by this City Council
- We cannot approve a TIF proposal that we know does not conform to the spirit or the letter of the law