



INTERGOVERNMENTAL JOINT REVIEW BOARD
for
Proposed Downtown Bartlett Tax Increment Financing District

Meeting on
April 22, 2015
Village Board Conference Room
1:00PM

MEETING MINUTES

Members Present

Chairperson Donna Weir, Public Member
Jim Plonczynski, Village Representative
Jeff King, School District U-46 Representative
Rita Fletcher, Bartlett Park District Representative
Karolyn Nance, Bartlett Public Library Representative
Mike Falese, Bartlett Fire Protection District Representative
James Barr, Hanover Township Representative
Courtney Pogue, Cook County Representative (arrived 1:50 p.m.)

Members Absent

Elgin Community College Representative

Staff Present

Tony Fradin, Economic Development Coordinator
Roberta Grill, Assistant Community Development Director
Jeff Martynowicz, Finance Director
Todd Dowden, Assistant Finance Director

Others Present

Aaron Reinke, Village of Bartlett Trustee
Bryan Mraz, Village of Bartlett Attorney
Ed Novak, Bartlett Public Library Trustee
Jack Budz, Bartlett Public Library Trustee
Lori Palmer, Bartlett Park District Board President
Ralph Wood, Bartlett Public Library Trustee
Jay Langfelder, Bartlett Fire Protection District Trustee
Chuck Durham, Kane McKenna & Associates

Robert Rychlicki, Kane McKenna & Associates

I. Call to Order

The meeting was called to order at 1:05 p.m. Jim Plonczynski, representing the Village of Bartlett, announced that this is the Joint Review Board for the proposed Downtown Bartlett Tax Increment Financing (TIF) District.

II. Introduction of Representatives

Introductions were made among the taxing district representatives. Representatives from School District U-46, the Bartlett Park District, the Bartlett Public Library District, the Bartlett Fire Protection District, Hanover Township, the Village of Bartlett and a potential Public Member were present.

Village Attorney Bryan Mraz stated that the taxing districts within the proposed Downtown Bartlett TIF were provided notice of this meeting per State Statute. He inquired as to evidence of certified mailings, which Economic Development Coordinator Tony Fradin displayed and has placed in the Staff case file as proof.

III. Selection of Public Member

Jim Plonczynski, representing the Village of Bartlett, moved to select Donna Weir as the Public Member of the Board. Second by Mike Falese, representing the Bartlett Fire Protection District. Motion approved 6-0 by voice vote electing Donna Weir as the Public Member of the Board.

IV. Selection of Chair

Library Representative Karolyn Nance nominated Public Member Donna Weir as Chair of the Joint Review Board. Second by Jim Plonczynski, Representing the Village of Bartlett. Motion approved 6-0 by voice vote and Donna Weir was declared Chairperson.

V. Review JRB Procedures and Duties

Economic Development Coordinator Tony Fradin distributed informational packets including a summary of Joint Review Board Procedures and Duties to every member of the Joint Review Board, placed on the dais.

Robert Rychlicki of Kane McKenna & Associates provided a brief overview of the procedures and duties. Mr. Rychlicki noted the three possible outcomes of this meeting, including (1) the JRB concurs with the findings and recommendations; (2) the JRB disagrees, which would require a specific basis for the disagreement in writing, which would in turn create an additional thirty (30) day period for the Village to address items disagreed upon; or (3) the JRB is unable to make a decision, which would result in a “Yes” recommendation to move forward with the proposed TIF.

VI. Review Proposed Downtown Bartlett Tax Increment Financing (TIF) Plan & Eligibility Criteria

Robert Rychlicki presented a PowerPoint presentation of the proposed Downtown Bartlett TIF Plan & Eligibility Criteria. They noted that they had found six

eligibility factors present with state law requiring a minimum of three of the 13 factors to qualify as a Conservation Area TIF in addition to at least fifty percent of the buildings in the area are 35 years or older.

Mr. Rychlicki stated that in Kane McKenna's professional judgment, the proposed area clearly met the eligibility requirements for establishment of a Conservation Area TIF District.

VII. Review of Draft TIF Ordinances

Economic Development Coordinator Tony Fradin had distributed Draft TIF Ordinances and a proposed Resolution for the JRB's consideration as part of the informational packets for today's meeting.

Village Attorney Mraz explained the documents that members of the Joint Review Board had in their possession, including a Resolution and Recommendation of Joint Review Board to the Village President and Board of Trustees, and a proposed Ordinance approving the Village of Bartlett Downtown TIF Redevelopment Project Area Redevelopment Plan and Project.

Mr. Rychlicki noted that the Resolution and Ordinances would go to the Village Board no more than ninety (90) days. This is to give the Village Board time to digest comments from the Joint Review Board, the general public and stakeholders within the proposed TIF District.

VIII. Questions/Comments

Jeff King, representing School District U-46, inquired about residential units impacted by this Redevelopment Plan. Mr. Rychlicki replied that there are approximately six units along North Oak Avenue, a dozen or more townhome units at the east, and a number of second floor units above commercial uses that are included in the proposed TIF District and are in an area where some residential structures can be utilized by some more marginal commercial uses. Ultimately, the marketplace will dictate if those properties ever convert to commercial uses during the duration of the proposed TIF District.

Mike Falese, representing the Fire Protection District, asked Mr. Rychlicki to clarify the three potential outcomes of today's JRB meeting. Mr. Rychlicki explained the three potential outcomes of the JRB including (1) the JRB concurs with the proposed TIF Plan, (2) the JRB disagrees, which would require a written description of the objections based upon Illinois Legislation, not just "we don't like TIFs," and (3) no outcome or recommendation is made, which would equal a Yes for Legislative purposes.

Jim Plonczynski, representing the Village of Bartlett, asked if, in the event of a No vote, if the Joint Review Board or the individual No votes provide the written objection. Mr. Rychlicki replied that the written objection must come from the Joint Review Board as a whole.

Mr. Plonczynski further inquired if the JRB would be required to retain an outside consulting firm to refute the TIF eligibility and who would pay for that. Mr. Rychlicki noted that, in his firm's experience, JRBs have hired outside consultants and that one or more of the taxing districts typically split the cost.

Courtney Pogue, representative of Cook County, arrived at 1:50 p.m.

Village Attorney Mraz noted that, per the TIF Act, the Village of Bartlett would perform the administrative support including typing the report, but the Village is not obligated to hire consultants to refute the TIF analysis. If there is an objection, he noted that this meeting could be adjourned and reconvened, but the report would be due within thirty (30) days if the JRB will refute this analysis.

Mr. King noted that the School Board has not rendered a decision on this proposed TIF, and asked how it is interpreted if he does not vote either way. Mr. Rychlicki noted that this is not addressed in the TIF Act, but would be in accordance with Robert's Rules of Order in regard to abstention. Mr. Mraz noted that U-46 could file an objection in the future, but that it would not be part of the report from today's meeting.

Rita Fletcher, representing the Park District, noted that it is surprising that there is a requirement to hire an outside expert to refute the TIF analysis. Mr. Mraz explained that the TIF Act does not require the hiring of a TIF consultant, but states that a JRB member can vote No. It just has to be based on the criteria that the area does not qualify as a Conservation Area, not just a general "We don't like TIFs." Mr. Rychlicki added that the intent of the TIF Act is to identify specific elements of the Plan that do not meet the criteria if there is an objection.

Mr. Pogue, representing Cook County, asked about the eligibility criteria of obsolescence, vacancies and deterioration.

Mr. Rychlicki noted that the 24% (totally vacant) to 35% (partially or totally vacant) of vacancies is on the higher side of what they have seen. These are also sustained vacancies, not just normal turnover. In consulting with E.D. Coordinator Tony Fradin, Mr. Rychlicki noted that the deterioration and obsolescence includes age of the buildings and outdated electrical, sprinklers and communications systems. Cook County taxes have also had a negative impact.

Mr. Rychlicki then noted that there have been five consecutive years of declining EAV, including lagging behind the Village as a whole's overall EAV in four out of the past five years.

Mr. Pogue inquired as to how many reductions have been granted per the Cook County Assessor.

Mr. Rychlicki explained that the problem here, regardless of reduced Assessments, is a lack of interest. The goal is to get some interest. To refurbish and repopulate vacant structures. This is a similar challenge to older downtowns,

as business locations are driven by parking, exposure and visibility. They choose more heavily trafficked areas and the challenge is to help smaller businesses in a “grassroots” effort to fill the downtown. A TIF could offer offset costs for smaller businesses for things like tenant improvements, parking and site assembly.

Mr. Pogue concluded that part of the excessive vacancies due to a lack of retail in the downtown has caused a loss in sales tax revenues. Mr. Rychlicki agreed, noting that a vacant food store of that size causes a loss of around \$150,000 in revenues (\$15 million or higher in sales), and a restaurant with liquor sales could generate \$1 to \$2 million in sales (\$10,000 to \$20,000 in sales tax revenues). He noted that this results in not only a loss of sales tax, but a loss in property tax revenues and in jobs.

Mr. Rychlicki then further explained their findings of deterioration and obsolescence in some of the older structures in reply to Mr. Pogue’s earlier question. He added that the structures with the long-term vacancies do not generate the income to support ongoing maintenance, for example parking lot maintenance, lighting and facades. There has been a “spiraling” effect and the Village is being proactive because of its concern with this trend.

James Barr, representing Hanover Township, asked for a clarification of the difference between the boundaries of the prior Downtown TIF and this proposed Downtown TIF. Mr. Plonczynski clarified the differences in the boundaries for the JRB.

Mr. Barr asked what the Village of Bartlett would like to see occur during the life of this proposed TIF.

Mr. Plonczynski explained how this proposed TIF came about, with the Village Board directing the Economic Development Commission for recommendations regarding the downtown area. A TIF was one recommendation, and applying to the RTA for a Transportation Oriented Development Plan for the downtown was another.

He noted that the Redevelopment Plan includes the nuts and bolts of what the Village wants with this TIF; to redevelop vacant, abandoned buildings and to improve the streetscape. The Village would like to bring the West Bartlett Road corridor plan into the downtown area, address bike trail links and more. A TIF could help implement that plan and also support increased commercial and mixed-use development.

Mr. Barr questioned the qualification factor of excessive vacancies. Mr. Rychlicki replied that this is a more general qualification, but that downtown Bartlett’s vacancies are of a visible and sustained nature. Most commercial operates at a 10% vacancy rate. He has discussed this high vacancy rate with Tony Fradin and Jim Plonczynski in keeping to the intent of the TIF Act. Staff noted that some of these key vacancies have been for several years.

Mr. Barr asked about the Village's vacancy rate as a whole. Mr. Mraz read from the TIF Act, noting that in terms of qualifying as a Conservation Area, the Act defines excessive vacancies in terms of frequency, extent or duration.

Mr. Pogue asked about any comments or feedback from potential businesses regarding the older shopping center [Bartlett Plaza]. Mr. Plonczynski noted that there was a contract purchaser for Bartlett Plaza, whose contract lapsed due to not wanting to buy the center without a TIF in place to enter into a Redevelopment Agreement. They were the last ones interested in Bartlett Plaza, but others have looked and said the same thing.

Mr. Barr asked two additional questions: how does the "but for" test tie into EAV? And if there are any benchmarks for deterioration and obsolescence.

Mr. Rychlicki answered both, how they are tied together and that the decline in EAV is tied into the older buildings, some 80 to 100 years old, that are deteriorated and obsolete in terms of what modern businesses require. Without a TIF, he questioned the ability to bounce out of this pattern of decline. He mentioned that some are falling into disuse or are used for a different function than what they were originally built for. Mr. Rychlicki noted that they have worked on around 300 TIFs, and this one qualifies based on the totality of the findings.

Mr. Falese inquired about the Vote. He asked if they are voting on if the area meets the TIF Qualification criteria. Mr. Rychlicki clarified that it is based on the qualification factors as well as the Redevelopment Plan goals and objectives. He noted that the Redevelopment Plan mostly calls for a continuation of the development in the area, as mixed-use commercial area with some public improvements. He noted that the Redevelopment Plan would have to come back to the JRB if the Village proposes any major changes in the future, like if industrial uses are proposed or something like a hospital. This plan calls for a continuation of what is present already in the downtown, mixed-use transit-oriented-development.

Mr. Falese asked if a majority of the JRB votes No, do they have to produce another report that justifies why? Mr. Rychlicki noted that, in their experience, some taxing districts have brought in their own experts but, as Mr. Mraz stated, it is not necessary. The report has to be specific regarding what the JRB is not in accordance with, whether with the Redevelopment objectives or the cases have not been made with the qualification factors.

Mr. Rychlicki and Mr. Mraz both explained that the JRB is voting on both the eligibility criteria and the Redevelopment Plan. They reiterated that a No vote by the JRB would have to have some basis and documentation. Mr. Rychlicki noted that the eligibility report is more like an appendix to the Redevelopment Plan. He mentioned that an objection should be specific, so there is something for the Village to refute.

Mr. Mraz noted that the JRB may not be ready to provide this at today's meeting. The JRB meeting can be continued for members to come up with language opposing it specifically addressing the criteria.

Chairperson Donna Weir asked if it is an appropriate time to open the meeting up to questions from those in attendance. Mr. Plonczynski noted that it is fine.

Jay Langfelder, a Trustee for the Bartlett Fire Protection District, asked for a copy of the State TIF Statute. Mr. Mraz noted that the section can be found under the Illinois Compiled Statutes at Section 65 ILCS 5/11-74.3-2. Mr. Rychlicki noted that Staff will send it to him.

Jack Budz, President of the Bartlett Public Library District Board, thanked Staff and Kane, McKenna and Associates for their work on this proposed TIF. He stated that if Kane, McKenna reports that the area qualifies as a TIF, then it does.

Mr. Budz questioned if the Village is putting the cart before the horse. The Redevelopment Plan says what "can" happen rather than what "will" happen. Some of his concerns are (1) if there is \$2 million in land acquisition, will that land be taken off of the tax rolls? (2) how much of the proposed increase in EAV, from \$18.5 million to \$30 million can be attributed to the economic recovery? (3) how much will be spent on items like lamps and hanging baskets?

Mr. Budz added that he has been on the Library Board for twenty-four years and supported the operation of and the extension of the prior downtown TIF. He mentioned that this is a Finance Plan and not an Operational Plan. He asked what to expect and if there would be benchmarks and if the TIF Plan is not meeting them, then how could it be terminated early?

Mr. Budz stated that the Library Board passed a Resolution Opposing the Proposed Village of Bartlett Tax Increment District this past Monday night, and provided it to enter it into the record. He added that it is not the district, itself, that it opposes, but this draft they have before them. So, if some of those concerns are addressed, they may change their position.

Lori Palmer, President of the Bartlett Park District Board, asked if this JRB has the ability to continue this meeting if a decision cannot be reached today. Mr. Mraz and consultants answered Yes.

IX. Consideration of a Resolution Recommending Approval of the Redevelopment Plan and Project for the Village of Bartlett Downtown TIF District

Motion by Mr. Plonczynski, second by Mr. Pogue, to approve the Resolution to approve its advisory, non-binding recommendation to the Village of Bartlett to approve the proposed Downtown Redevelopment Plan and Redevelopment Project.

Mr. Barr inquired as to the possibility to continue this JRB meeting to a later date. Mr. Mraz suggested a three week delay, and that the JRB should select a specific date.

Motion by Mr. Barr, second by Mr. Pogue, to continue the Joint Review Board meeting for the proposed Downtown Bartlett TIF District to Thursday, May 14th, 2015 at 1:00 p.m.

Motion carried by a 5-2 vote with Mr. Plonczynski and Ms. Weir voting No.

X. Review of Timetable and Next Steps

Mr. Rychlicki noted that this will be covered at the continued meeting. He noted that official notices have been sent out, so this meeting is adjourned until May 14th.

XI. Adjournment

Chairperson Weir entered the Resolution by the Bartlett Public Library District opposing the proposed TIF into the record and called for the meeting to be adjourned.

Mr. Mraz noted that the Motion to continue this meeting served as adjournment also. This was at 2:45 p.m.

Respectfully submitted,

Tony Fradin
Economic Development Coordinator