

**MINUTES FROM THE PUBLIC HEARING OF THE ST. CHARLES CITY COUNCIL
HELD ON MONDAY, FEBRUARY 6, 2012 – 7:00 P.M.
CITY COUNCIL CHAMBERS, IN THE CITY COUNCIL CHAMBERS
2 E. MAIN STREET ST. CHARLES, IL 60174**

- 1. Call To Order By Mayor Donald DeWitte At 7:02 P.M.**

2. Roll Call.
Present: Stellato, Monken, Carrignan, Payleitner,
Turner, Rogina, Martin, Krieger, Bessner, Lewis
Absent: None

3. Public Hearing concerning proposed Lexington Club Tax Increment Financing District.

Mayor DeWitte

This public hearing is being conducted in accordance with Illinois State Statutes and the City's proposed Tax Increment Financing (TIF) District designation. The land is about 45 acres of property located between the Union Pacific Rail Road right of way and Dean and State Streets, as well as between 6th and 12th Streets. The area in question includes properties owned by person's planning to redevelop the former Applied Composite property, the City of St. Charles, the Union Pacific Rail Road, the St. Charles Park District, Olcott Plastics, Inc., and the State Bank of Geneva. The purpose of the public hearing is to take public comments on the proposed TIF designation including the project area eligibility study, development plan and project. It should be noted that the City of St. Charles convened a statutorily required joint review board on January 5th, 2012. Inviting all affected taxing bodies to attend and participate. The joint review board considered the evidence in their meeting and recommended unanimously the district be designated. The board's recommendation will be made part of this public hearing record. One final note, the matter subject of this hearing is whether the City should designate the area in question as a TIF district pursuant to state law. The question of whether or not the City should approve certain land use entitlements to permit the proposed Lexington Club development to move forward also under City review is not the principle subject or the purpose of this meeting. The City Council's Planning and Development committee is presently considering the proposed Lexington Club project and will meet again to formally do so on Monday night, February 13, in these same council chambers. The public of course is invited to attend that meeting as well.

I hereby convene the public hearing to consider the City's formal designation of the subject TIF district. The economic development director, Chris Aiston, will introduce persons representing SB Friedman, the City's consulting team, who developed the report.

Chris Aiston

I will now turn it over to Geoff Dickinson who represents the third party consulting firm and is the author of the eligibility study and the redevelopment project and plan.

Geoff Dickenson, S.B. Friedman and Company, 2023 West Adams, Chicago.

Thank you. Our firm has been working with the City, considering the eligibility of this area since 2007. At that time the primary property was the Applied Composite site and the City was concerned about the conditions of the property from a health and safety perspective. We were asked to evaluate the property at that time. The building was still up and we were to gather information for the future potential designation as a TIF district.

We were reengaged by the City during the summer of 2011 to consider a broader study area and move forward with a potential TIF designation for the area. Develop a full eligibility study and redevelopment plan which is the procedure in determining TIF designations.

At that the time of our original information gathering, 2007, we toured the facility, gathered data on property values, gathered data on engineering studies. Essentially all of the vital information on the condition of the property and the historic condition of the property. The information was “memorialized” and now are part of this report.

Before walking through the findings, let me clarify how the state TIF laws look at land. From the TIF law, there are three types of land. Land that was improved and now vacant which is the site of the former Applied Composite facility that is now demolished. The second type of land is the land that is vacant and has always been vacant for the whole period. This is primarily the parcels to the west of the facility and a few other pieces. Then there are improved parcels, land on which there are buildings.

As I walk through the findings there will be three sets of findings. That is the nature of the law.

Starting with the property that is currently improved. Land that has buildings. The state TIF law requires that the City Council find that at least eligibility factors are present and that 50% or more of the buildings are more than 35 years or older. In this case we found a large number of factors. We found:

1. Deterioration on all the improved parcels (for example, missing tuck pointing, rusting and damaged fascia, parking lot and infrastructure deterioration, crumbling asphalt, potholes, depressions, etc.). Deterioration in the TIF law is problems that are not readily repairable in normal maintenance. Substantial issues that need to be dealt with. This is for all five of the improved parcels.
2. Presence of Structures below Minimum Code Standards. This was found in 60% of the improved parcels. The findings here are three of five parcels do not meet zoning and storm water detention requirements. So they present a health or safety hazard which would need to be upgraded in order to meet code standards.
3. Inadequate Utilities. This was found in four of the five buildings. The storm sewer and storm drainage utilities are under provided.
4. Deleterious Land Use or Layout. Are there uses that are inappropriate. Are there inappropriate adjacencies. The area is largely an industrial area surrounded by, at least to the south, a substantially residential neighborhood. As a result there are a serious of conflicts from a planning perspective.
5. Lack of Community Planning. A similar finding. Was the area developed with a benefit of a comprehensive plan? The answer to that is no, the majority of the Applied Composite area was developed before the first comprehensive plan which was adopted in 1974. It is one

thing to say it was developed prior to the plan. The second part of the law is to ask are there adverse outcomes as a result of this. For the reasons described under deleterious land use and layout we concluded that the uses are inappropriate.

6. Lack of growth in Equalized Assessed Value (EAV). This is the factor that we feel is the best indicator of blighting conditions. If you look at EAV over a 6-year period (5 year to year periods), the question of the law asks us to look at if this area is keeping up with the rest of the tax base of the City of St. Charles. It is growing as fast or faster as the rest of the property in the City. So we did an analysis, year to year, over five periods, the property values for the improved pieces have lagged the City assessed value change for three of the five prior periods. It has been growing less than the City. It is a very good indication that the area is not keeping up. It is not a positive aspect of the economic base, it is a negative. It is the most quantifiable data. As a cross check, the other area we look at, is the area outpacing the consumer price index. Is it keeping up with the Chicago Metro area. The area was underperforming the CPI for the Chicago Metro are for three of the five periods.

We found six factors for the improved parcels. This is a very strong finding. The second subset of land is the parcels that were improved but are now vacant. We documented findings in 2007. In 2008/2009, demolition began. At that time (2007) we found there were 10 factors before they got torn down.

1. Obsolescence. State law asks is the property falling into disuse. At the time we looked at it, it was vacant and vandalized, copper taken out of it. The building was built for the needs of the end user. We concluded it was an obsolete building. We found 100% exhibited obsolescence.
2. Deterioration (as described above). There were significant problems with the buildings. We found this in 100% of the buildings.
3. Excessive Vacancy. It had been vacant for 100% for two years before we got there and would have been vacant after.
4. Lack of Ventilation, Light, or Sanitary Facilities. The law is trying to determine if the building is safe. There was not a lot of windows in the building, it was a factory. Limited bathroom options.
5. Inadequate Utilities. Sewer mains, water mains, gas lines, phone lines. The site was under provided for these utilities.
6. Excessive Land Coverage and Overcrowding of Structures. There was one large building or 27 attached buildings all covering a substantial amount of the ground. A very dense building on a small piece of land.
7. Deleterious Land Use or Layout (described earlier)
8. Environmental Clean-Up. The law asks are there environmental issues that require extraordinary effort to remediate them. There was a substantial amount of analysis. A 2006 study by Huff and Huff identified numerous issues underground. Storage tanks, buried drums, etc. Another study by GSG describing asbestos contamination in the building.
9. Lack of Community Planning. (described earlier)
10. Lack of Growth in EAV (described earlier). They're underperformed the City as a whole for all five periods of analysis. The area prior to demolition was blighted.

The third set of land that has always been vacant as long as we have been looking at it, since 2007. Found different factors:

- Obsolete Platting. The issue is whether the area was developed with a plan, no. And the law asks is there adequate provisions for public rights of way, alleys, loading. It is not well served by roads, you can't get to certain pieces. The
- Adjacent to Deterioration. We found 86% of vacant land is adjacent to deteriorating structures or site improvements. The findings are substantial issues (tuck pointing, etc.)
- Environmental Clean-up.

This is essentially a blight finding for the vacant land. A blight finding for the formally improved land. And the improved parcels, it is a conservation area finding, to avoid the area from going into blight. Those were the eligibility findings.

There are subsequent tests to cross check whether this area should be designated. Has there been growth or private investment in the area over the analysis period? Looking at building improvement data. We found not substantial improvements.

We have to find that without the TIF, development would not go forward in the area. I think the long term vacancy, especially the Applied Composite facility, and the lack of investment are good indicators that without some extraordinary measures on part of the City, the private market on its own will not redevelop the site. It will likely stay in this condition as it is today. Parcels are contiguous.

Land uses in the plan must conform to land uses in the City. We referred to the City's comprehensive plan which is the guiding document for development. The comprehensive plan calls for modern density housing in the area. So again, the TIF plan is designed to be consistent with that plan. It is not designed to cross off other planning efforts in the City going forward. We had to analyze if there is spontaneous development in surrounding neighborhoods. We found limited improvements (people adding on to their decks, etc.) but nothing at the scale that we believe the market could wholesale fix what we are finding to be a substantial challenge.

Once you have eligibility findings, the law requires the City to set out goals and objectives. What does the City intend to do if it creates a TIF district. The goal of this area is to reduce or eliminate the conditions that qualify the area as a conservation area for improved parcels and a blighted area for vacant parcels and to provide direction and mechanisms necessary to establish the study area as a vibrant residential district through environmental remediation and redevelopment of vacant parcels. Redevelopment of the area will strengthen the economic base and enhance the quality of life of the City as a whole while removing a long blighted use in a predominately residential area.

That is the guiding principles. What are we trying to achieve as a people not a specific tactical steps to take. That is a subsequent discussion. What is the City trying to achieve with this TIF district should it be adopted.

The objectives, what does the City plan to do to meet the over-arching goals. The City plans to facilitate the assembly, preparation and marketing of available sites for new residential, civic/cultural, governmental uses as allowed by the Act, and recreational

development including corrective actions to address environmental problems to permit development and redevelopment as needed.

Facilitate and encourage the construction of new residential, recreational and civic/cultural development where appropriate.

Support the goals and objectives of other overlapping plans including the City's comprehensive plan.

Increase employment opportunities for City residents.

The City's strategies to achieve these goals and objectives:

Facilitate site preparation. This may include preparatory work as demolition and environmental remediation where appropriate.

Encourage private sector activities. Work through public-private partnerships, or through financial or other assistance to encourage business and local property owners to improve their properties in the area.

As I mentioned, the proposed land uses for the area include:

- Residential
- Park and open space
- Road right of way
- Railroad right of way
- Public utilities. In the northwest corner there is an electricity station.

The last required element of a TIF plan is the budget. The goal of the TIF budget gives an indication of where monies can be spent. So there are 10 items in the table (page 47 of the report) but there are TIF dollar amounts in two items. There is money to pay for professional services and property assembly (which includes site preparation, demolition and environmental remediation). Those categories for which there is not dollar amount, which is most of them. The City cannot spend money in those areas without modifying the TIF plan. The City has narrowly defined the TIF plan.

The change that was made (from December 6) was school district payments. State law requires that if a TIF district assists housing (dollars go to support new housing development) and if that housing produces new students for the school district that the school district will be able to ask for and receive payment from the TIF fund to offset the new students. The City has always intended to make those payments, should new students come to the school district.

The budget is \$5.25 million with funds to be spent on school or library district as reimbursements as required or in the other two categories.

Questions?

Alder. Turner.

On page 47, what you just described, regarding footnote number 4, “The City may be required to pay increased school and library costs....which may run up to \$6.5 million per estimates.” So this may run above and beyond the \$5.2 million TIF.

Mr. Dickenson

That is correct.

Alder. Turner

So we are on the hook for potential \$6.5 million.

Mr. Dickenson

This is a preliminary estimate. We estimated the number of students that would occupy the number of units that was floating around as a preliminary number. Obviously nothing has been settled. We were given a preliminary number of units, we projected a preliminary number of students and we projected a preliminary amount of proposed property taxes. The law says the school districts could request up to 25% of increment. We said, about 25% is about \$6 million. If no new kids come that don't currently attend, the City will not be required to make payments to school district. Actual payments will be a function of actual kids.

Alder. Turner

If the maximum number of students show up in this development the school and library districts could request \$6.5 from the general fund.

Mr. Dickenson

Not the general fund the, from the TIF fund. So all the new taxes that the new housing will produce will go to the separate TIF fund and will be used to make those payments.

Attorney Robin Jones

To confirm what Geoff just said. It is only out of the TIF fund. Only if increment is created, is the City required to pay the school district. It should also be noted that the school district has to document their actual costs attributed to students that are coming from this area. Every year they have to make a claim with the City and document their additional costs. Further, those payments would be made prior to any payment being made in a development agreement to a developer.

Alder. Carrigan

That is a hard number. Every year they have to submit a “we have 37 students”. It has nothing to do with the size of the development.

Attorney Jones

Yes it has to be actual students, coming from that area. They have to actually document their costs that they are requesting reimbursement for.

Alder. Turner

Is that cost in the total redevelopment project cost?

Mr. Dickenson

That's the footnote, the \$6.5 million dollars. We have estimated at this point.

Mayor DeWitte

It is outside the TIF, but paid from the increment fund.

Mr. Dickenson

It will be paid out from the TIF fund. All the incremental taxes from any vertical development will go into a special tax allocation fund that the City controls. If the kids come at a level that maximizes the payments to the school district, they (school district) would get the first check. If there is \$100 in there, \$25 would be sent to the schools. And then there is \$75 to make other TIF eligible payments. That could conceivably be to the developer, to the City for administrative costs, those are the two ways it could go, the way this budget is drawn.

Alder. Turner

And we are assuming the money is going to be there in the TIF fund.

Mr. Dickenson

We projected that it should be. If the buildings don't go up and the kids don't show up then there is no obligation for the City to make any payments. If the buildings go up, the kids show up then the taxes will show up then the City has to make the payments. All contingent on reality/performance. It is a pay as you go.

Alder. Rogina

\$4.96 under property assembly (page 46) for site preparation, demolition and environmental remediation. Who created that number? Lexington? As a budgetary item?

Mr. Dickenson

The number was given to me by Staff. I don't know further source than that.

Mr. Aiston

Those were estimates provided by their engineering firm and their environmental firm. In either case, those are the three categories. No TIF payment will be made until they show us actual receipts for reimbursement purposes. Including the waiver of lien. They will have to prove their costs prior to making any reimbursements. That will come from the incremental tax base.

Alder. Rogina

I understand that. Unlike the City where we see and review bids by vendors and perhaps approve, under statute, the lowest bid, or waive the bid process. In this case Lexington will enter into contracts with vendors for demolition, remediation and grate. Not us. Is that correct? The TIF fund pays for that but the City is not entering into the contract with these vendors, is that correct?

Mr. Aiston

No we are not obligated to enter into a contract. The contract with the private developer. The development pays for itself. At some point when the development creates the increment, they submit the reimbursements for those costs. Then we pay against those proven costs.

Alder. Rogina

There is no statutory requirement that they have to take the lowest bid is that right?

Attorney Robin Jones

No, there is not statutory requirement, however the reimbursement will be a matter of contract between the City and the developer. So presumably the City will agree to not to reimburse an amount that they feel is an excessive amount for project costs. That's a safe assumption to make.

Alder. Rogina

My question really is do we have to spend the \$4.9 million?

Attorney Robin Jones

No you don't have to, as Mr. Aiston said, that is the estimate. You are not obligated. You are only obligated to what you agree to in the development agreement with the developer.

Mr. Aiston

The number that was submitted by the developer with respect to those three activities, exceeded \$6 million. The \$4.96 million was a negotiated value. We expect the reimbursement costs to exceed that. But they will not realize any more then. This is a tentative agreement, these are the terms we discussed to this date. There is not a RDA in place. In the interest of transparency, those are the three items we show estimates that exceed \$6 million for the the total of the items. But we negotiated the price for \$4.96. This allowed some room for some administrative costs but still not exceed the \$5.25 million that we thought would be our total outlay. To answer your question, let's assume that the value of the actual costs exceeds the \$4.96, that would be money out of their pocket that would not be reimbursed. So I would like to think that the private sector and the market place would insist on trying to find a reasonable if not the lowest bid. As Attorney Jones indicated, the City won't be paying an exorbitant amount in excess what is the fair value for that work. We would review all those reimbursement requests.

Alder. Rogina

The reason for my question is, is the \$4.9 million a hard number, a soft number, or somewhere in between.

Mr. Aiston

That's a fair question. It is an estimated number, but the spreadsheets that we have been provided by their construction engineering team indicates that number is only a portion of actual estimated costs.

Mr. Dickenson

From a TIF perspective, the City cannot spend more than the TIF budget. They are constrained again but adopting the TIF. You can't remake this number without coming back to Council.

Alder. Bessner

Is there an order in which who gets paid first, meaning the schools get paid first based on the taxable income that's being assessed.

Mr. Dickenson

The payments to the schools are a legal obligation. If the state law requires you to make those payments, the the City will make those payments first. And then subsequent monies will come subsequently and be allocated.

Attorney Jones

The school district and the library have priority.

Alder. Payleitner

A quick clarification, in the minutes of the JRB it says there is a letter from Dr. Schlomann that says that the school district support of the proposed TIF was limited, "TIF money to the developer was limited to demolition, leveling and environmental clean up." There is obviously more things than that listed here. Are we obliged to the stipulation that the school district set forth in their agreement.

Mr. Aiston

No. We have no intention to. It will be in front of you, the redevelopment agreement, you have final approval. But the activities will be limited to those three areas. And that is in the redevelopment agreement, the RDA with the developer. If there are administrative costs which are shown in this budget, that will be costs that the City would otherwise incur, that the general fund would have to pay, we would rather it come out of the tax increment from the development itself. So, the costs above and beyond those three activities, those for statutory eligible expenses that the City may incur that would otherwise have to come out of our general fund.

Alder. Payleitner

It says for professional services and acquisitions and all that.

Mr. Aiston

There will be no acquisition cost. Property assembly is kind of a generic section. It could include, but it will not include acquisition. It will be site preparation, demolition and environmental. The administrative costs that I indicated, the professional services, like if we have to have an audit done. And we will have legal costs associated with the General Review Board. And various other costs that we will incur in order to administer the TIF according to best professional practice. And we typically have to go out of pocket and to an outside source to do that. The TIF law allows the TIF increment to pay for those costs.

Mayor DeWitte asked if there have been any written comments received by the Clerk's office?

City Clerk Nancy Garrison

No.

Mayor DeWitte opened the conversation to the public.

Mike Hanson, 205 N. 9th Street

Why is the TIF district as large as it is relative to the Applied Composite development site?

Mr. Aiston

The TIF does include additional parcels beyond the Applied Composite. The project that is in front of the Council under the redevelopment agreement would just be with that party. If there are other activities within the TIF boundary, that the City wants to pursue under TIF law, we will have slightly amend the plan and include those because the project plan that is indicated in the report does not put anything above and beyond the redevelopment of the Lexington project. The area is in question, which is 45 acres approximately, was studied and was determined in its entirety to be eligible but the project that is reflected in the report from the consultant only speaks to the Lexington project.

Mr. Hanson

So the once improved, now vacant and always vacant are part of the Applied Composite site?

Mr. Dickenson

Not all the vacant parcels are in the Applied Composites or that ownership. There is a piece that is owned by the City that is a vacant piece that can be a park. There is no funding for that within this budget scale. As a Chris Aiston said, if the budget were to come forward for one of either vacant pieces or an improved pieces it would require a reconsideration of the TIF plan. As well as agreement with the ownership of the new property to support the project.

Mr. Hanson

Well there was development plan for the Gardner property which is about four acres north and west of me. Is that part of the always vacant property?

Mayor DeWitte

Is that what the Park District has bought?

Mr. Aiston

The piece that the Park District purchased is not subject to the plan, but it is in the TIF boundaries.

Mr. Hanson

Are there any quick take provisions in the TIF?

Mayor DeWitte

There are none planned that I am aware of.

Mr. Hanson

No condemnation provisions?

Mayor DeWitte

No

Mr. Hanson

And no issues with developing or redeveloping inside the TIF district?

Mayor DeWitte

No.

Mr. Hanson

Then I still don't know why it is 45 acres instead of something much smaller.

Mayor DeWitte

Because there is an opportunity outside of the Lexington site. There is a possibility of future parcels could eventually be redeveloped down the road. We have done this in other parts of the community where we have taken larger areas that have the potential for redevelopment to include them in a TIF site. So at some point down the road, if an owner wants to redevelop a piece of property, if it qualifies as a TIF funded redevelopment parcel. That piece of property, already being in the TIF, gives the Council, the opportunity to assign additional debt if it is a traditional TIF. Or if the developer wants to come in and do a pay as you go, like what Lexington is doing, it gives us the opportunity to make that happen without having to establish it as a redevelopment district on its own. It is already contained within a TIF district. It makes it easier to redevelop.

Mr. Hanson

Mostly on the commercial side not residential side.

Mayor DeWitte

Could be either.

Joe Asokas, 23 N. 7th Street

On page 47, under professional services, the \$290,000, is that money for Friedman or money for Friedman and the four environmental studies that were conducted. Does it include things beyond that?

Mr. Dickenson

Yes professional services could, theoretically, reimburse the City for my fees, because the City is paying me now since the TIF district doesn't exist yet. So it could pay me, it could pay the attorneys. I don't know if it could pay for prior environmental studies, but it may. It is any sort of professional services, it could be staff time.

Mr. Asokas

How did you come up with the \$290,000 figure?

Mr. Aiston

A couple things. First, that was from a potential 23 year TIF if it goes that long. There will be annual costs associated with this, auditing, accounting, etc. For the record, the cost of the Friedman study that was required to create the TIF was actually the developer's expense. The developer established a fund. And all the costs that are being incurred by the city, legal costs,

bidding costs, that relate to this project the Lexington project, those costs are being covered by the developer per an agreement. He set up a fund to pay those costs.

Mayor DeWitte

Is it safe to assume that some of those costs are costs incurred by the City in verifying the information that has been submitted by the developer for these expenses.

Mr. Aiston

Yes. When we have needed to, we have retained outside consulting to review their plans and their project costs. And that is at their expense as well.

Mr. Asokas

By including the 45 acres, by this report, not specifying that Lexington Homes is the developer we are talking about here, theoretically at this point, anyone of the property owners that is included that 45 acres could come in and ask for money and say “look you already have money set aside”. Is that correct?

Mr. Aiston

That is not correct. Those costs are solely for the Lexington Club project. Any property owner, as you indicated Mr. Mayor, that is in the district can come to the City with a request for TIF consideration. We would have to amend the plan to include that project. And that would amend the budget. But that budget reflects no other redevelopment.

Mayor DeWitte

Would he not also be required to go through exactly this same process. His redevelopment parcel becomes a separate RDA a separate agreement.

Mr. Aiston

Yes

Brian Volp, 1219 Dean Street

If the City has seen this area as such a blight, why didn't the City just condemn it? Take care of all this without having to go through everything. We are spending \$5.2 million. The City could have probably had it cleaned up for less. And then we could have made a profit on it and sold it to Lexington.

Mayor DeWitte

If the City went ahead and condemned it, we would of had to pay for the cost of tearing down all the property, If we were condemning it, we probably would have to acquire it. But you can only condemn and acquire property for public use not private development. I am not sure the City was willing to invest the money to take care of those issues and get it ready for a developer to come in and develop.

Mr. Volp

But now it is ok to. Couldn't you have done the same thing. Created a TIF as well after the City had.

Mayor DeWitte

This difference is that they are doing it with their money instead of us doing it with ours, or yours.

Mr. Volp

Exactly. I don't know many people who want to add extra money to their property taxes to pay for this. It adds burden to everyone else's for their benefit.

Mayor DeWitte

I am not sure there is any additional burden on any adjacent tax payer or anyone else in the City of St. Charles to fund the debt service being generated by the redevelopment of this property. All the repayment is coming from the property tax revenues that the homes Lexington is proposing to build will generate.

Mr. Volp

In the proposed area, are they doing anything about the creek as far as including that for remediation, contamination.

Mayor DeWitte

There are currently no plans. That is an engineering issue. There is nothing related to the creek associated with this TIF proposal.

Mr. Volp

The roads are not up to use for trucks and heavy equipment, so how do they plan on doing that with this? is that included in the TIF money as well, that that will be repaired and fixed. Or is that going to be the City that has to pay for that?

Mayor DeWitte

Asking the public works director, will the roads built in the subdivision will be built to City's specifications.

Mark Koenen

That is correct.

Mayor DeWitte

The question that Brian asks is what happens to wear and tear?

Mr. Koenen

The developer identifies a construction corridor and then the street would be redeveloped by the developer.

Rob Smith, 1308 Dean Street

Lexington has not been transparent. What is the plan to remediate? Because the only way to remediate that soil, not removal, which entails burning the soil. It is the only way to get rid of the contaminated kerosene, diesel fuel, oil. If they are going to do that onsite, we are going to

breath that. My other concern is that if my math is correct, we are talking about 330 dump trucks. Not the little ones, to get that dirt out. Where is it going and when is it coming back.

Mayor DeWitte

I recall a discussion about hundreds of trailer loads of dirt being hauled off the site so that there is no remediation on site that I am aware of.

Hank

There is two points with this. One, what has been testified at all the various meetings. Huff and Huff is a qualified professional consultant relative to the environmental issues works with Illinois EPA relative to the remediation plan so that there will be no further remediation issues before any development occurs. It will be done strict conformity with the environmental laws of this state. The question raised, we will have truck traffic because we want to get it cleaned up. We will have trucks removing it from the site, is true. If you want to clean up a contaminate site, we didn't contaminate it, it is there. It has got to be done properly and include excavation and removal of fill to an appropriate certified location. That is what's going to happen to get it done. It is better to get it done as soon as possible and be finished with it, so it is a clean healthy sit.

Mayor DeWitte

I live about 100 yards north of the northern boundaries of this development. So I can assure you that there will be no burning of dirty soil as part of this remediation project.

Mr. Smith

The education subject. Lexington has stated that they already have come to an agreement with District 303, that has not been disclosed, as far as a financial agreement. The elementary schools and the middle school is at capacity. Which by state law we won't receive any transportation reimbursement. A bus for middle school, a bus for elementary, a conservative estimate is \$15,000 a year. Two buses, \$30,000 a year, that we will not be reimbursed by the state to transport those students to the east side of town where there are seats for them. I have yet to hear a number from either d303 or Lexington, they said they have come to an agreement. We have a right to know what that agreement is. Is it a 10-year agreement? A lump sum? etc. I think it is something we should ask. They are building the homes and it lieu of putting a school onsite, they have come to some monetary agreement that has not been disclosed.

Mayor DeWitte

There is a City ordinance that requires the developer to submit to the City, which is then submitted to the school district, a calculation pursuant to state statute that calculates the number of children, grade school, middle school and high school that could potentially be produced by this development going in. That number is correlated into a dollar amount that is required of the developer under the City's land cash ordinance. Which requires a cash payment up front to both the school district and the park district for the number of children being generated from a given residential development. All that information has been given to the school district. We don't really get involved in their transportation concerns, their boundaries, which children go to which schools.

Mr. Smith

But there is tax payers' costs involved in that. We will not be reimbursed from the ISEB for transportation.

Mayor DeWitte

I understand, I don't have a land cash sheet in front of me, I recall a payment somewhere in the vicinity of \$300,000 to \$400,000. That the developer will be paying the school district up front for a projected 44-48 children.

Mr. Smith

That takes care of one generation of education. After that it is out of our pocket to get those kids.

Dave Uhlmann, 500 Cedar St., St. Charles

This is a public relations, nightmare.

Mayor DeWitte

Please keep all questions and comments related to the TIF.

Mr. Uhlmann

I will do that. Through a FOIA request I found out that the TIF was discussed in 5/26/2006. Which is a PR nightmare, why did it take a FOIA request to get that information? The attitude in the neighborhood is that they paid too much at the height of the market, the market fell out underneath them, and now they are asking for the TIF five years after the fact. If it is indeed true that they asked for a TIF in 2006, why did people not come forward and tell us that.

Mayor DeWitte

I probably sat in on that meeting, I would have to go back and check. But the subject of discussing a TIF and the subject of discussing a specific dollar amounts associated with a TIF. People come in talk to us about redeveloping parcels all the time, but until there is a legitimate proposal with a dollar amount attached to it. If nobody asks the question, there is not a question to answer.

Mr. Uhlmann

Procedurally, because this is done with public funds. And when you spending public funds as a government entity, you have to have qualified bidders, you have to have three bids, you have to select the lowest. Because that's what guards the public treasury. I know that state law may not mandate this as part of the TIF operation, but can we as a municipality mandate that they have an open bidding process that they have contractors submit sealed bids, that they have a minimum of three, and the lowest bid is selected. Because that guards our public funds. And they are using our public funds for this part of the project. I think there should be a little give and take there. Can we write that into our agreement?

Attorney Jones

That is something, technically, the City can do. It is a contract, you can negotiate things. I personally have never seen that in a redevelopment agreement. Technically, it can probably be done.

Mr. Uhlmann

The Illinois EPA will reimburse Lexington Homes for the remediation of the USTs that are there. Which the four USTs present on the site. I have reason to believe, after talking to the EPA, that all of them would be covered under this plan. The Illinois EPA would demand one \$15,000 copay essentially and then they would cover the reimbursement costs. So rather than having us foot the bill for the remediation, we could have Illinois State foot the bill. We all pay for that anyway comes out of our gasoline taxes. Can we mandate that as part of the development agreement.

Attorney Jones

Again, it is a contract, you can negotiate many different things. We have not drafted the development agreement yet. It will be a matter of sitting down with the developer and working out the details. But yes.

Mr. Uhlmann

The bulk of the money that is being requested is to remove not contaminated soil but soil that has trash in it. I think \$2.4 million is being spent on that. What is one person's trash is another person's treasure. There is a sledding hill about half a mile away from there. Forty thousand cubic yards of fill put on that sledding would be dynamite. Could we stipulate that the developer haul that material to the sledding hill, deposit it, and then lay 12 inches of top soil over it. If the park district is amenable.

Mayor DeWitte

I would be inclined to defer to the environmentalists. With regards to which soil needs to be hauled off and which ones don't.

Mr. Uhlmann

Most of it is contaminated fiberglass, which is not hazardous. This is not a toxic site. They major issue is that there is trash on the ground. Which is usable soil somewhere else.

Mayor DeWitte

I don't remember him making a statement, it is not a toxic site.

Mr. Uhlmann

He did, it was quoted in the paper. Can a 25% carve out realistically produce \$6.5 million across the life of the TIF? Because my numbers say no.

Mr. Dickenson

My numbers say yes. This is just a projection. If your numbers are five and my numbers are six, it really doesn't matter. Until the kids show up and the taxes show up. I appreciate the difference of opinions but is not of consequence.

Mr. Uhlmann

Well it comes of consequence, getting back to Brian's point, because he is saying this will raise our taxes. The point is, if the carve out from the TIF can't produce the increase burden that the d303 is going to have to bear, then d303 rolls that burden back on us as taxpayers. In the end, it

will be some portion that we wind up footing the bill for. So we need to go into this with our eyes wide open.

Mayor DeWitte

I have a hard time believing that this project will generate enough children that the school district would demand the full 25% recapture off the property taxes. It would take a lot of kids to come up with \$6.5 million dollars.

Mr. Uhlmann

We could fight about that for a long time.

Mayor DeWitte

How many kids do you think it would take David?

Mr. Uhlmann

I don't know. I didn't do that calculation.

Mr. Dickenson

We calculated off the projected taxes. This is the total, divide by four. That's the estimate.

Mr. Uhlmann

Fair enough. I thought you arrived at that based on 42 kids. The attitude towards the existing is that light industrial users are back there now. There seems to be somewhat of a conflict between the RPA proposal that is here and the comprehensive plan amendment that is put out. Because the comprehensive plan amendment talks about they are there and there is not intention of moving and we are going to respect that fact. And if redevelopment becomes available we will do it. And this talks about intensively, aggressively redevelopment in a vibrant residential neighborhood. And the question is, how do we reconcile those two and is their pressure going to be put on existing light industrial users to get out of the way of this new vibrant residential area.

Mayor DeWitte

That question is probably more appropriate for next Monday night's meeting with regards to land use. We are trying to stay on topic of the TIF.

Mr. Uhlmann

Lastly, this building, I believe, could be qualified as a conservation area blighted problem. Farmland could be qualified because it would meet the criteria. We are talking about adopting and setting as policy the use of TIF, which I don't think the people who authored the TIF statute in the late 70s ever anticipated. And we can have differences of opinion on that. But the way it was taught to me is not what is being practiced here tonight.

Jason Warden, 517 Cedar St.

Mr. Dickenson, you brought up a couple items regarding the determinations for the existing property. There were three things that you came up with. You started with the fascia, the brick is falling, crumbling asphalt. Those are maintenance issues, they are not structural items.

Crumbling asphalt sure, you let it sit for years, you don't seal coat, you are going to have those problems. Brick doesn't last forever, unless you do some tuck pointing, some grinding, some repointing, it is not going to last forever. By looking at that, those are the items you saw, you thought it was in disrepair. Another item you said was that the building was not up to code. What year was the building built? In the 50s we will go with that. That it is not up to code, so I assume things like sprinkler systems makes it not up to code. Similar to this building.

Mr. Dickenson

Technically in the TIF law.

Mr. Warden

A building like that is not up to code, but it still works. Because it is older and it doesn't have a sprinkler system does not mean usable, and someone can't use it. Or what I am hearing, people buy buildings, they want to upgrade them, you have to put those systems in. So rolling into the next thing. The assessed value as you stated is going down. If had my house and let it sit for five years and don't do anything with it. Every year it is going to be worse and worse. Just like when they purchased this property and they have done nothing with it, no maintenance, no repairs. Vandals, sure, you don't have security. You buy 23 acres anywhere in this town and put it there, it is going to get vandalized. But that is the responsibility of the property owner to take care of. I have a problem with using the analysis that he stated, applying to just lack of concern over your own property. Something that Kensington homes has done. How is this become our issue to take care of. I want everyone to take that into consideration, when you are looking to finalize this. A lot of these issues that he brought up, when they bought the property could have been easily taken care of. I never once saw a for lease or for rent sign. There has been no effort made on that property. Alder. Rogina brought up a very good point, regarding the development. What the TIF would pay for regarding what the TIF would pay for regarding the remediation, the demolition, and how do we look at these numbers. I agree that I would like to see something in there that this can be reviewed, it can be put out for general bid, since it is the public dollar. I don't think there should be any reason to go against that. If I was Kensington homes, I would be thankful for the effort from the City to take care of this, why would I not put it out on the street and say sure, look at my numbers. I have lots of excavator friends. They do excavation they do sight work, they do demolition, they do utility work. I can write my contract to say lot's of things. I can have my contract say remediate this property. Guess what, included in that I can also get a few sewer lines put in here and there. Who is going to be there to monitor that. Not saying it is going to happen. It could happen. There is no monitoring going on there. So I think something put in the contract would really help the public.

4. Adjournment

Motion By Stellato, Seconded By Monken, To Adjourn Meeting

VOICE VOTE

UNANIMOUS

MOTION CARRIED

Meeting adjourned at 8:20 P.M.

Nancy Garrison, City Clerk

CERTIFIED TO BE A TRUE COPY OF ORIGINAL

Nancy Garrison, City Clerk