

MINUTES

Joint Review Board

Proposed Prospect Pointe/Muir Park Tax Increment Financing District

January 7, 2021, 2pm

Prospect Heights City Hall, 8 N. Elmhurst, Prospect Heights, IL

Call to Order– At 2 PM, City Administrator Wade called the Joint Review Board to order via Zoom.

Appoint Recording Secretary – City Administrator Wade asked if there were any objections to appointing Deputy Clerk Schultheis as the Recording Secretary. **There were no objections.**

Roll Call – Recording Secretary Schultheis called roll.

PRESENT - City Administrator Joe Wade – representing the City of Prospect Heights; Assistant Superintendent District 23 Amy McPartlin – representing School District 23; Associate Superintendent Cathy Johnson – representing Arlington Heights Township HS 214; Executive Director Christina Ferraro representing Prospect Heights Park District; Resident Representative William Kearns; Fire Chief Drew Smith – representing Prospect Heights Fire District
INVITED BUT NOT PRESENT – Chief Financial Officer Ammar Rizki – representing Cook County and Consolidated Elections; Comptroller Damon Howell – representing Forest Preserve District of Cook County; Financial Director Josephine Stellato – representing Wheeling Township, General Assistance and Wheeling Roads and Bridges; Budget Manager Laurie Dietz – representing Harper Community College District 512; Executive Director Alexander Todd – representing Prospect Heights Public Library; Treasurer Mary Ann Boyle – representing Metro Water Reclamation District of Greater Chicago; and Director James Thennisch – representing Northwest Mosquito Abatement District.
OTHER OFFICIALS PRESENT – Assistant City Administrator Peter Falcone - representing the City of Prospect Heights; Deputy Clerk Karen Schultheis; City Attorney John O’Driscoll; City Attorney Jim Hess; Director of Building and

Development Dan Peterson; Superintendent of Finance and Planning Annette Curtis – representing the Prospect Heights Park District; Vice President Lexington Homes Nate Wynsma – representing Lexington Homes; Lexington Homes Attorney Tom Burney – representing Lexington Homes; Attorney Ares Dalianis Attorney for District 23/District 214; Ann Moroney – President of Johnson Research Group

Nominate and Appoint Public member – William Kearns – Representative Johnson moved to Appoint William Kearns as the Public member to the Joint Review Board; seconded by Representative McPartlin. No discussion.

ROLL CALL VOTE: AYES – McPartlin, Johnson, Wade, Ferraro, Smith
 NAYS - None
 ABSENT - Rizki, Stellato, Todd, Thennisch, Boyle,
 Dietz, Howell

Motion carried 5 – 0

Nominate and Appoint Chairperson of the Joint Review Board – Representative Johnson moved to Appoint Member Wade as Chairman of the Joint Review Board; seconded by Representative Smith. No Discussion.

ROLL CALL VOTE: AYES – McPartlin, Johnson, Wade, Ferraro, Smith,
 Kearns
 NAYS - None
 ABSENT - Rizki, Stellato, Todd, Thennisch, Boyle,
 Dietz, Howell

Motion carried 6– 0

Approve Agenda – Representative Smith moved to Approve the Agenda as presented; seconded by Representative Johnson. No discussion.

ROLL CALL VOTE: AYES – McPartlin, Johnson, Wade, Ferraro, Smith,
 Kearns
 NAYS - None
 ABSENT - Rizki, Stellato, Todd, Thennisch, Boyle,
 Dietz, Howell

Motion carried 6 – 0

**Approve Rules for Public Comment –
Rules for Public Comment**

Motion carried 6 – 0

Presentation to the Joint Review Board by City of Prospect Heights Community and Economic Development Director, Dan Peterson, and Others of the Public Record, Proposed TIF Area, Eligibility Report and Planning Documents, Proposed Ordinances Adopting the Redevelopment Plan, Designating the Redevelopment Project Area and Adopting Tax Increment Financing – Director of Building and Development Peterson gave an overview of what is being proposed. He noted that the location at 1001 Oak was a former school property and that since the Jolly Fun House had closed down in 2016, the property had been vacant. He said that there had not been any viable applications for use since. He said that the property was zoned as R-1 until the City had changed it to R-2 zoning to allow multi-family. He stated that some of the issues with the property was that there is no public water source and that there are stormwater drainage concerns, including on the park property. There were also “inconsistent” community planning around the site.

These issues rendered R-1 zoning as an unviable option. In 1997, the last single-family home was built in the Gruber subdivision that has still not been built out. The Lexington proposal first introduced to the Council as concept plans in November, 2019. There were discussions at the next four meetings, and in January, 2020, O-20-01 the Council approved a TIF Feasibility Study. Lexington Homes has identified areas that need public improvement. The TIF map, he said, had been “strategically and surgically” crafted to make certain that only areas that were in need of community benefit were included in the TIF area.

He said in August, 2020 the PZBA recommended the Lexington Homes project was 6 – 0. O-20-37 was approved by the City Council on November 9, 2020 granting approval of the Lexington Homes project.

He noted that the City had fulfilled the requirements of notification regarding the TIF proposal:

- Interested parties registry
- Notice of Redevelopment Plan
- Public Hearing
- Scheduled last two notices to neighbors in TIF area of the upcoming public hearing

As per the Director of Building and Development, this project is not feasible without a TIF. Since this property had been developed, it has produced no revenue for the districts. It was a tax-exempt parcel. The TIF is needed to develop the infrastructure to support the area. History of slow sales as R-1 zoning and compliance with comprehensive plan warrant that the area needs to be other than R-1.

He added that that with a TIF, the future EAV would benefit all of the districts, but that the City preferred the cooperation of the taxing bodies.

As this TIF is not like others, it would require patience to payout. The City's improvements will come toward the end of the TIF.

It was noted that images from the presentation would be sent to officials and members in the JRB meeting.

Consultant Moroney of Johnson Research group discussed the analysis of the project area and eligibility. She said that the project met the criteria to be TIF eligible. She said that the TIF involves 28.5 acres, with 29 parcels (28 of which are the single family homes to the north and one building – vacant Jolly Fun House).

Johnson Research Group looked at the project as it compared to the TIF Act standards. Fifty percent or more of the buildings must be 35 years of age or older, and area must be greater than 1.5 acres. – project area meets that criteria.

A TIF District as a conservation area must have three of thirteen factors. The three listed are throughout the TIF area.

1. Lagging EAV
2. Inadequate utilities
3. Lack of Community planning

Excessive vacancy and obsolescence are also extensive but not throughout the TIF area.

Looked to see that each area met the "BUT FOR" test; such as but for TIF would this area be redeveloped in a comprehensive manner. The project will not work without City intervention.

Inadequate utilities – Hager and Gewalt Hamilton engineering provided data.

There are undersized storm sewer lines, broken drainage tiles, incomplete connections and pinch points of flooding and standing water.

There is no water system on the south end of the project area.

Lack of community planning – she noted that projects developed prior to the

Comprehensive Plan and its guidelines are eligible for the TIF. This area was

platted in 1956 as unincorporated Cook County. There is no comprehensive plan

for the area. Swales and drainage ditches that were used are not managing the drainage. She added that the street layout is inadequate and has limited ingress and egress.

Attorney Ares Dalianis said that things that Consultant Moroney was identifying was traditional municipal problems to solve without a TIF. Why is this area in need of a TIF instead of Home Rule and taxing.

Lexington Homes Attorney Burney asked the Chairman to hold all questions until the end of the presentation. Chairman Wade asked that the questions be held until the end of the presentation.

Consultant Moroney said that the goal was to promote economic growth; and that required a “stable, predictable environment.” The areas that needed improvement for development are stormwater/sewer improvement and installment of a water supply system, and improve Muir Park to mitigate its flooding and maximize park space.

She stated that this TIF is developer-driven. There will be 69 townhome units of which 34 will be two-bedroom, 35 will be three-bedroom.

To calculate impact on taxing districts, it was calculated using the Rutgers multiplier – calculating that the units would produce 12 students in grades K-8; 3 students in High School.

The current EAV is \$2.3 million of the project area. With the 69 units in 2025, the EAV would be approximately \$15.3 million. Based on these numbers a budget has been created for demolition, Public Works improvements, Property assembly, City administration, and interest costs- in the amount of \$11 million.

Mr. Dalianis re-asked his question, as to why a TIF district was needed. He said these were municipality functions. Chairman Wade said that Prospect Heights is not Home Rule. The City does not have property taxes. There is not the availability for funding as there is in Home Rule communities. This is an opportunity to make stormwater improvements for the neighborhood. The neighborhood is against the project, but the neighborhood asked that the City consider sidewalks. The students walk on the streets because there is no sidewalk to the schools.

Director Peterson said that the City never exercised authority to levy property taxes for services. The City relies on grants or pay as you go. The City never had community-wide potable water system. Majority of the City is on private wells.

Chairman Wade said that the Council wanted to bring benefit to the neighborhood – in terms of drainage, Muir park improvements and water. **There was a request to have the slides of Johnson Research Group’s slide made available.**

Presentation of Planned Public Improvements-Storm Water Management, Public Sidewalks, Rehabilitation of Muir Park, to be Paid for by TIF Proceeds, by City Administrator Wade - Chairman Wade noted that Stormwater Management, Public Sidewalks and the rehabilitation of Muir Park will be pay as you go through the TIF. No bond will be issued. The project will be in phases. The life of the TIF will be 23 years. Public improvements will come about in the later years of the TIF. Lexington Homes will be paid off first; second phase would be projects to benefit the neighborhood.

In response to a question, Director Peterson replied \$5 - \$7 million of the \$11 million in the budget are the developer costs. Johnson Research Consultant Moroney replied that it was approximately \$5 million including redeveloping, replacing the Park, and part of the Public Works improvement.

More detail was requested with the round numbers to get to \$11 million in the budget for the project.

Chairman Wade said that there was \$1.1 million cost for Public Works. It was also noted that it would be 4-5 years before this area got developed. Director Peterson acknowledged that they were targeting 4.5 years after approval before increment started. The cash flow to the City would be 10 -12 years into the TIF.

Public Comment – None

Deliberations - Chairman Wade said that if the TIF passed now, these are not likely to be the same people on the committee 10 – 15 years into the future. Other communities have used a TIF Advisory Committee to go to the City Council instead of a Joint Review Board to address projects in the latter half of the TIF. These would be for an annual review to see how the goals of the TIF are managed.

Representative Johnson asked if this would be in addition to the JRB? Chairman Wade replied that it would be.

Representative Smith said that he was not in the position to debate or oppose the consultant on whether the property was eligible. He did, however, believe that a property being vacant for four years was not an inordinate amount of time. His

concern was that 23 years was a long time following the “spectacular” failure of previous TIF. He added that the residents who move into the Lexington properties will get subsidies from the TIF without ever paying into it for the first 23 years. Attorney Dalianis stated that there was a \$95,000 dollar per unit subsidy for the development, which he felt was “extremely rich” for Lexington as a development. Attorney Burney noted that public water and sewer did not have to be put in by the City upfront.

Lexington VP Wynsma said that the challenge was the infrastructure that had to be developed. There is no existing use currently that is paying a tax in this spot. This is a blighted area with environmental contamination, stormwater issues and significant soil remediation, and a lack of infrastructure. He said these are extraordinary costs, and all costs must be paid up front. Payback on the developer note is a long time. “BUT FOR” TIF funding the project would not be feasible. Unlike the Arena land TIF that Fire Chief Smith referenced, Lexington Homes is taking the risks of funding upfront.

Director Peterson reiterated that the only properties that have shown interest in the property are tax-exempt entities.

Chairman Wade said that neither the Park District nor the City could buy or use the land as open space; so that was not an option for the property.

Representative Johnson said that the buildings of the school are similar in age and that they must be maintained as well as the sidewalks. She asked if some of the pieces of the project should that come from traditional tax revenue stream? Seeking to understand how this all comes together and make sure that it is a viable project. She noted that there were three TIF proposals coming on this year. The funding mechanism would make it appear that school districts and other outlying taxing bodies are raising taxes. She noted that these districts are faced with the political burden. She wanted to know if the City had evaluated a bond considering the low interest rates? She would like more information if the City wants the school’s endorsement.

Citizen Representative Kearns said that said that City residents receives zero dollars from property taxes, and that the City bears the brunt of other taxing bodies levying taxes. Citizens need to be educated where the dollars are going. The City has had to go to referendum to raise money to pay for crumbling roads. The City had to pay for a levee through SSA’s to stop flooding. Mount Prospect had to loan us money to get our share of the levee. He noted that the City had lost developments in the past because it could not supply water or stormsewer.

Consultant Moroney said that no one is paying taxes on this currently. This would not be pulling money from somewhere else. A bond would have to be funded by the entire community not just the TIF area, so this TIF is a win-win.

Scheduling, additional hearings – Chairman Wade asked what timeframe worked for the consideration of the representatives’ needs. Various dates for district meetings were imparted. It was noted that statutory mandates stated that the decision must be made within 30 days of the introduction or it is considered presumptively approved. Attorney Dalianis suggested a re-set the 30-day deadline for the JRB to issue its recommendation to approve/disapprove, but no determination was made.

Representative Johnson said that she was not comfortable going into her meeting with the School District with the information that she has.

The decision was made to go with 2 PM on January 19, 2021.

Representative Kearns moved to Approve 2 PM on January 19, 2021 as the continuation of this Zoom meeting for the Joint Review Board Proposed Prospect Pointe/Muir Park Tax Increment Financing District; seconded by Representative Smith.

ROLL CALL VOTE:

AYES –	McPartlin, Johnson, Wade, Ferraro, Smith, Kearns
NAYS -	None
ABSENT -	Rizki, Stellato, Todd, Thennisch, Boyle, Dietz, Howell

Motion carried 6 – 0

Director Peterson said that there were four points other school taxing districts wanted the City wanted to review:

- Districts 214/23 – there is no provision in City Code for impact fees should be addressed.
- The School Districts want the City to follow the state’s TIF Act payments per pupil expenditures will be full 27% per parcel for District 23; and full 13% to District 214 payback for expenditure; they do not want it prorated.
- Developer contribution from Lexington Homes to further address additional capital costs on a student impact basis
- Shortening the length of the TIF from 23-years down

