

**ITEM NO. \_\_\_\_\_ TO THE CITY COUNCIL OF PEORIA, ILLINOIS, IN COUNCIL,  
ASSEMBLED YOUR COMMITTEE OF THE WHOLE to Whom was  
Referred a POLICY SESSION Regarding TAX INCREMENT  
FINANCING and to Provide Direction to Staff as Appropriate.**

A Policy Session was held on Tuesday, March 5, 2019, beginning at 7:00 P.M. at the Gateway Building, 200 Northeast Water Street, Peoria, Illinois, with Mayor Jim Ardis presiding, and with proper notice having been given.

**ROLL CALL**

Roll Call showed the following Council Members were physically present: Akesson (Arrived at 6:06 P.M.), Cyr, Grayeb, Jensen (Arrived at 6:06 P.M.), Montelongo, Moore, Oyler, Riggerbach, Ruckriegel, Mayor Ardis – 10. Absent: Turner - 1.

Others present were: City Manager Patrick Urich, Assistant City Manager Deborah Roethler, Senior Attorney Chrissie Peterson, City Clerk Beth Ball, Chief Deputy City Clerk Stefanie Tarr, Finance Director/Comptroller Jim Scroggins, Assistant Community Development Director Joe Dulin, Interim Public Works Director Bill Lewis, Communications Specialist Stacy Petersen, Chief Diversity and Inclusion Officer Farris Muhammad, Information Systems Director Sam Riviera, interested citizens and members of the media.

**Communication from the City Manager with a Request for a POLICY SESSION to Discuss  
TAX INCREMENT FINANCING DISTRICTS.**

City Manager Urich opened the meeting at 7:00 P.M. A handout was distributed to all Council Members regarding the Tax Increment Financing Districts within the City of Peoria.

City Manager Urich said this Policy Session was subsequent to the January 26, 2019, Economic Development Policy Session to discuss Tax Increment Financing wherein Staff was seeking direction from the City Council. He reviewed TIFs, how they were established by State Law, their purpose, guidelines for implementing, and how they were managed within the City. He reviewed the blight factors for which TIFs could be used. He explained how a TIF worked and he provided a chart that visualized the same. He reviewed the eligible costs for a TIF and how a TIF Redevelopment Plan was established. He provided a financial overview reporting that there were currently 11 TIF Districts within the City with a total projected fund balance of \$2.6 million for 2019. He said the total TIF District budget was \$1.2 billion, and he provided a breakdown of where those funds were applied. He provided a financial overview of TIFs and reviewed each TIF District within the City. He reported the overall TIFs collected for 2018 was \$6.5 million. He said a TIF Policy needed to be established in order to provide a methodical and transparent approach, encourage development, equalize costs, emphasize priorities, diversity and expand the tax base and to provide job creation and retention. He reviewed policy considerations and the TIF Process. At the conclusion of his presentation, City Manager Urich posed five policy questions to the City Council seeking direction.

Council Member Akesson said the Warehouse District was the best example in the City that demonstrated how TIFs should work and City Manager Urich reported there were currently 15 active redevelopment agreements in that part of the City.

Council Member Riggerbach said the East Bluff was an example of how the TIF rejuvenated the neighborhood. He said TIFs were a convoluted nuance economic development tool. He remarked on the difficulty of establishing a template that would work for all parts of the City and for every situation. He said the outcomes of each TIF would be different for different areas in



the City. He said he was disappointed that the East Village Growth Cell TIF had dropped; however, he said he was proud of how it worked not only for development, but for the homeowners as well.

Council Member Grayeb said some of the TIFs may be controversial; however, he remarked that TIFs were a useful tool. He said the issues that needed to be addressed were when a TIF was ready to be closed and whether that money should go back to the taxing bodies or ported to a neighboring TIF.

Mayor Ardis said most of the questions around TIFs was how to close them appropriately. He said he would like to see a policy that encouraged closing a TIF before its expiration date, if necessary, noting that the majority of the questions or issues came when a TIF needed to be closed.

Council Member Moore commented that there were certain criteria that needed to be met in order to open a TIF and she said when those criteria were lacking, then the TIF should be closed. She said when a TIF was being managed, the City could establish a percentage that the area was addressing and could close out the TIF early. She said some areas would drive themselves and the TIF would be utilized. She said in some situations the City may want to be the driver for bringing in developers into certain parts of the City and possibly issue a Request for Proposal for certain parts of the City. Regarding closing a TIF, she said a TIF should be closed in the same manner it was opened.

#### **TIF Policy Question - Creation**

Council Member Jensen said the City Council needed to be proactive and target certain areas within the City for redevelopment. She said the Assistant City Manager should provide more direction on development, and she recommended, as part of the TIF policy, identifying geographic areas the City Council wanted to see developed.

Mayor Ardis said he wanted to extend the conversation about the City Council driving the direction of the City. He said TIFs would help develop areas of the City the Council would like to address. He said development needed to be a driver and not a reaction. He said the most pressing issue as it related to TIFs was how to close a TIF.

Council Member Jensen said the City needed to be more assertive about improving infrastructure and development. She said certain areas of the City should be "carved out," such as Peoria Public Schools. She said there needed to be more frequent comprehensive updates on outstanding TIFs.

Mayor Ardis commented on the need for a mechanism wherein when a developer accessed TIF funds, then those funds would be reimbursed should the development not occur.

In response to Council Member Oyler's point of question, City Manager Urich said Staff would bring back a Policy to the City Council for review prior to its adoption.

Discussions were held regarding "carve outs" and the size of TIF Districts. City Manager Urich stated that there could be a "carve out" of a certain section of the City that encompassed a block or two or it could be as small as a parcel of land. He said the size of a TIF District was determined by the City Council.



### **TIF Policy Question - Implementation**

City Manager Urich asked whether the Council wanted TIFs to be developer driven or City driven, and Mayor Ardis stated that a majority of the Council indicated that TIFs should be Council driven by geography. However, he said that would not exclude a developer coming to the City and requesting assistance from a TIF.

Council Member Akeson agreed that development needed to be Council driven. She commented that additional grants and funding could be allotted to the City if the City had a plan for development in certain parts of the City. She commented that a TIF could be a tool for financing. She said grants would be easier to obtain if the plan for an area was a City-wide initiative.

### **TIF Policy Questions – Reporting**

Mayor Ardis commented that a status report should be provided to the Council a couple times of year that provided a summary of all the TIFs and the status of each.

Council Member Moore added that reports should be made available upon request.

### **TIF Policy Questions – Closure**

City Manager Urich said Staff was seeking input on how and when to close a TIF District. In response to Council Member Akeson, he said Staff had not identified infrastructure needs in each District. He reviewed the North Side Business Park TIF District and how TIF money was used in that area. He asked if the Council would want to use the remaining TIF money to address infrastructure needs such as roads or sidewalks. He said the remaining proceeds could address ADA ramps in that area.

In response to Council Member Jensen, he said the City Council could close a TIF early and he outlined the procedures for doing so noting that an Ordinance needed to be brought to the City Council to be adopted by a majority vote.

Council Member Cyr asked if TIFs could be used to address the Combined Sewer Overflow issue, and City Manager Urich said TIFs could be used toward infrastructure improvements that addressed the CSO.

Council Member Ruckriegel said there needed to be a specific plan within the specific boundaries of the TIFs, noting that each TIF District had different needs. He inquired as to why a TIF would need to be closed early and what would happen with the long-term investment.

Council Member Riggenbach remarked on the need for regular reporting on TIFs in order to prevent Staff from working in silos. He said the planning that would go into a TIF would lead to multiple benefits for the City. He remarked on the need to utilize a TIF until its expiration date in order to benefit certain areas of the City.

Council Member Moore would like to see the roads and ADA ramps addressed in District 1. She also requested that the bicycle plan be implemented. She said there should never be excess or leftover TIF funds.

Mayor Ardis commented that as the Council received more regular reporting and noticed a fund balance available for the use of infrastructure, the Council could remove part of it. He said there was not a set answer on how to close a TIF, but all TIFs should be monitored with special consideration for certain areas. He said closing TIFs should result in a distribution back to the taxing bodies or another reporting TIF District.

Council Member Ruckriegel said TIFs should be used from the moment they were established rather than waiting until a few years before being closed. He said there needed to be an understanding for the actual plan of each TIF and to inform the City Council of when and where those investments would occur.

Council Member Oyler said once the funds had been exhausted, then the money should be returned to the taxing bodies upon the closing of the TIF.

Council Member Jensen said funds from a TIF should not be ported to another TIF District unless there was a certain circumstance for the porting, and she recommended establishing guidelines for porting funds from one TIF to another.

Regarding the porting of funds from one TIF to another, Mayor Ardis recommended handling those situations on a case-by-case basis.

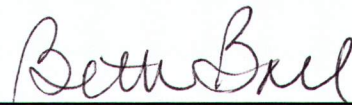
Council Member Jensen said there needed to be more general guidelines for closure of a TIF; however, she recommended reviewing the criteria.

Council Member Moore requested information on each TIF District and the intent for each. City Manager Urich said that information was available on the City's website. He said the entire TIF plan was available to be downloaded wherein it laid out what the City Council wanted and when it had adopted each of the plans for the TIF Districts.

#### **TIF Policy Questions – Extension**

Discussions were held on seeking a legislative extension for TIFs close to expiring, and Council Member Jensen said it was important to hold a Public Hearing in order to seek input from the community prior to a request for an extension.

The Policy Session closed at 8:20 P.M.



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Beth Ball, MMC, City Clerk  
City of Peoria, Illinois

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