

**ITEM NO. 14-081 CITY COUNCIL OF PEORIA, ILLINOIS, IN COUNCIL, ASSEMBLED
YOUR COMMITTEE OF THE WHOLE to Whom was Referred a
POLICY SESSION Regarding ECONOMIC DEVELOPMENT and
Provide Direction as Appropriate.**

A Policy Session was held on Tuesday, February 25, 2014, at City Hall, Council Chambers (Room 400), 419 Fulton Street, Peoria, Illinois, at 8:20 P.M., with Mayor Jim Ardis presiding.

ROLL CALL

Roll Call showed the following Council Members were physically present: Akesson, Grayeb, Jensen, Johnson, Montelongo, Moore, Spain, Riggerbach, Turner, Weaver, Mayor Ardis – 11; Absent – None.

Others present were: City Manager Patrick Urich, Community Development Director Ross Black, Senior Planner Leah Allison, Senior Planner Josh Naven, Senior Planner Kimberly Smith, Senior Planner Shannon Techie, City Clerk Beth Ball, Chief Deputy City Clerk Stefanie Rice, interested citizens and members of the media.

**Communication from the City Manager and the Community Development Director with a
Request to Hold a POLICY SESSION on ECONOMIC DEVELOPMENT and Provide
Direction as Appropriate.**

Community Development Director Ross Black distributed hardcopies of the presentation for Economic Development and he reviewed the mission statement from the Comprehensive Plan adopted by the City Council.

Director Black said the City could not create jobs, but it could provide an environment to attract and retain jobs. He said in order to do so, there needed to be a focus on economic development, public safety, education and infrastructure. He said these were the top four items that the public, who participated in the development of the Comprehensive Plan, and were the four most important items as residents of Peoria.

Director Black said the presentation was going to focus on professional economic development, which was shared by all the professionals who worked together towards economic development for the City, County, and Region. He reviewed the economic development process and noted that Staff stayed with the business owner throughout the process until the business opening.

Dr. Leslie McKnight, Senior Development Specialist for the Office of Economic Development, reviewed the programs and services provided. She said the Revolving Loan Fund Program assisted with rehabilitation, renovation, acquisition, capital improvements and job training. The Façade Program, she said, focused on the Southern Gateway, Western Avenue and the Warehouse District. She said the Rivers Edge Redevelopment Zone (RERA) was a new designation for the City of Peoria used to revive and redevelop environmentally challenged properties adjacent to rivers in Illinois. She said the Tax Increment Financing Program (TIF) currently had 12 active TIFs, which were limited exclusively to eligible costs within the TIF including rehabilitation, renovation, property acquisition and site preparation. She said the City received an annual Volume Cap from the State of Illinois, which could be used for industrial revenue bonds or housing finance programs.

Dr. McKnight said the City worked with businesses located within its Business Corridors to target further development and investment. She said some of the corridors included Wisconsin Street, Western Avenue, Warehouse District and North University Street.

Dr. McKnight said the City currently worked with other economic development agencies and business associations to visit existing businesses and to solicit new businesses to locate in Peoria; however, the City did not have an all local business retention and expansion strategy. She said real estate and market research was a large part of what Economic Development Staff had done on a daily basis. She said the City partnered with the Riverfront Association, Riverfront Program and Policy Advisory Committee (RPPAC) and Park District in attracting businesses to the riverfront and event planning.

Dr. McKnight reviewed regional development partnerships. She said these regional partners had been engaged in the development of the Regional Strategic Plan that had been facilitated through the Focus Forward Central Illinois (FFCI). She said FFCI was now a 501(c)(3) organization and had 5-year SMART Goals. She said the FFCI strategic planning process also included asset mapping and inventory of the region's prominent industry clusters.

Dr. McKnight reported that Workforce Development was now housed by Illinois Central College and was governed by a new Workforce Alliance Board. She said the City would like to continue involvement in Workforce strategies in order to strengthen local job availability and job preparation for Peoria residents.

Dr. McKnight said the City was involved in other economic programs such as the HUB Zone, which was a benefit for minority businesses, and the CDBG Program that had EV eligible activities and further bonding programs.

Dr. McKnight said Staff identified key issues when developing the City's Economic Development Program. She said the City currently did not have a formal business retention and expansion program to hold regular discussions with business owners in order to assess their needs.

Ms. Sham Ra Robinson of the Community Development Department reviewed the Enterprise Zone, which was approved in 1982 and was administered in 1983. She said the DCEO had extended the lifetime of the City's Enterprise Zone in order to administer it throughout 2014 and 2015. She said there were variables to consider with the new application process. She said there were 97 zones statewide, and the DCEO would only approve 49 in the first round. She reviewed the Enterprise Zone Application process.

Development Specialist Eric Setter reviewed the Revolving Loan Fund. He said one of the major issues of the fund was there had not been any loans issued in over three years. Because of this, he said the City's default rate was higher than EDA standards, which was caused by two big default loans. He commented that more marketing and incentives were needed for this program. He said the City did not have a dedicated website or a virtual development center. He said they had a current "Grow Peoria" logo as a marketing strategy going forward. He reviewed land management and noted the City had very little City-owned land available for development.

Director Black reviewed additional issues that the City faced, such as a lack of measurement of success in terms of economic development. He said every business research requested was tailor-made and time consuming. He said the City did not have targeted services to specific industries. He said there was no process in order to establish Special Service Areas or

Business Improvement Districts beyond State Statute and other regulations, and he said there were no regional agreements on business pirating.

Director Black reviewed proposed actions Staff would initiate and discuss with the City Council. He said they would move forward unless instructed otherwise or modified. He said there were three actions, some with multiple sub parts, and he reviewed those actions.

Mayor Ardis said this Policy Session was to provide an update as to where the City currently stood on economic development. He said after trying to recover from the economic downturn from 2007 to 2009, the City was trying to rebuild its Staff.

City Manager Urich said there were plans to hire a director level position that would report to the Community Development Director to oversee economic development activities.

Mayor Ardis expressed his appreciation for the presentation. He acknowledged Mark Rothert, Assistant County Administrator for Economic Development, who was present and was teaming with the City on some economic development issues. He recognized Assistant City Manager Chris Setti who also assisted with the City's economic development. He said, as the City was rebuilding the Economic Development Department, it should think about how to incorporate or communicate with Peoria County and other efforts available in order to prevent the duplication of programs. He said communication was very important, both inside and outside the organization.

Council Member Grayeb said the worst time to cut economic development was during the economic downturn. He said it was during that time the City needed that department the most. He said he would like this subject to be a top priority and he requested a timeline for hiring an Economic Development Director.

City Manager Urich responded to Council Member Grayeb and said Staff was working on hiring a Director of Economic Development by the end of the second quarter, by July 1, 2014.

Director Black said, in response to Council Member Grayeb, the City would still commit the full 15% funding of the CDBG Grant towards public service.

Council Member Grayeb mentioned the importance of the CDBG funding to the social service agencies within the City.

Council Member Spain said, with regards to the Revolving Loan Fund, it was not a situation where characteristics about those loans kept us from making loans, the City just had not done anything with those loans for quite some time.

Director Black responded to Council Member Spain and commented that the City had a very high default rate, which created issues with the Federal Government in terms of funding the program and the regulations for the program. He said when staffing levels decreased within the City, it became difficult to respond to all the requests. However, he said the City was not affected adversely because of this, and the EDA would prefer that the City make the loan program available again.

Director Black said, in response to Council Member Spain, necessary information should be readily available to potential businesses on a web page. He commented that if a potential business could not find the information sought after in a short time period, then that business

would move to the next community. He said it was not enough to have access to the information, but it had to be publicly and easily accessible.

Council Member Spain mentioned the piracy agreement and suggested it was needed; however, the agreement would only be as good as the communities who signed it.

Director Black said in response to Council Member Spain with regards to a business registry, a fine would be imposed if a business would not register with the City.

Council Member Spain said he had some concerns regarding a business registry and potential costs associated with it in the future.

In regards to balancing enforcement functions with assistance efforts, Director Black responded to Council Member Spain that the City had a grant staff or a neighborhood staff that worked with businesses. He said Planners worked more with businesses and developers. He said their purpose was to try to get the development to move forward, but they also enforced the regulations that the City Council adopted. He said the Building Inspection Division had a regulatory role wherein they enforced building codes. He said the Code Enforcement Division was all enforcement and regulatory. He said their job was to help someone to reach their goal within the boundaries of the regulations.

Council Member Spain said the most important thing the City could do was to rebuild the Economic Development Department, and he encouraged meeting the deadline for hiring an Economic Development Director.

Council Member Weaver said there were opportunities for Pioneer Park and Adams Street and how to rejuvenate those areas. He said FFCI was discussing a data center of excellence that was addressing some issues presented by Director Black. He said the Chamber of Commerce was doing a survey now and asked whether the City needed to duplicate or to team with them on what was wanted as a business community.

Council Member Riggerbach emphasized the importance of business outreach. He said the City was such a strong supporter of collaboration and cooperation. He said the City needed to focus on its area businesses. He said the pirating issue was not something for the Council to determine, and suggested presented it to FFCI and charge them with that issue.

ADJOURNMENT

Council Member Spain moved to adjourn the Policy Session regarding economic development; seconded by Council Member Weaver.

Approved by roll call vote.

Yeas: Akeson, Grayeb, Jensen, Johnson, Montelongo, Moore, Riggerbach, Spain, Turner, Weaver, Mayor Ardis – 11;

Nays: None.

The Policy Session closed at 9:36 P.M.


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