

**CITY OF ROCK ISLAND
CITY COUNCIL STUDY SESSION
July 25, 2022 - 5:00 p.m.**

**City Council Chambers, City Hall, 3rd Floor
1528 Third Avenue, Rock Island, IL**

7/25/2022 - Minutes

CALL TO ORDER

Mayor Thoms called the meeting to order at 5:00 p.m. and welcomed everyone.

THIS MEETING WILL BE CONDUCTED BY AUDIO AND VIDEO CONFERENCE WITHOUT A PHYSICALLY PRESENT QUORUM OF THE ROCK ISLAND CITY COUNCIL DUE TO THE DISASTER DECLARATION ISSUED BY GOVERNOR PRITZKER.

ROLL CALL

Mayor Thoms asked Deputy City Clerk Naomi Sanderson to call the roll.

Present: Alderpersons Moses Robinson (virtual), Randy Hurt, Judith Gilbert, Jenni Swanson, Dylan Parker (virtual), Mark Poulos, Bill Healy, and Mayor Mike Thoms. Absent: None.

Staff: City Manager Todd Thompson, City Attorney Dave Morrison, Deputy City Clerk Naomi Sanderson, and other City staff.

PUBLIC COMMENT

Mayor Thoms asked if anyone in the public wished to speak.

Terry Tilka, owner of Rock Island Brewing Co. (RIBCO) addressed Council regarding the Special Service Area (SSA) proposal. He remarked he spoke with several business owners that are listed on the endorsement of the SSA. When he called one of the owners to discuss the SSA they indicated they have never signed the endorsement, but they are listed as supporters. He talked with another business owner named on the endorsement who said they were still undecided and a few other businesses listed on the endorsement have gone out of business. He noted it was his understanding that an SSA needs 51 percent support in order to move forward. Additionally, Mr. Tilka expressed concerns that people who pay rent downtown are not aware of the SSA proposal or included. He opined he was disappointed with the way the SSA process was handled. He indicated he opposed the SSA in downtown Rock Island.

Sarah and Jose Zepeda, owners of Quad City Pancake House in downtown Rock Island, addressed Council regarding the SSA proposal. Ms. Zepeda said she is not opposed to having a SSA, but is concerned about how the process has taken place. She noted concerns with the management of the money for the SSA and how it will be spent. For example, their number one

concern is safety as their building has been hit twice with gunshots. Another concern is there was not a notice sent about the SSA that business owners could mail in to indicate they had questions or needed more information, the form sent just asked whether or not they supported it.

Rock Island resident Molly McGuire addressed Council regarding the Goldman Lofts on 2nd Avenue. As a renter, she said she is in favor of the SSA because of the need for family-friendly places and stores to visit. She noted all of the tenants in the building did receive information about the SSA from the company that manages the lofts.

DOWNTOWN ROCK ISLAND STEERING COMMITTEE PRESENTATION

Jack Cullen, Director of Downtown Rock Island, QC Chamber of Commerce, presented on the SSA on behalf of the Downtown Rock Island Steering Committee. He applauded the business owners who spoke during public comment for their investment in the downtown. He noted their comments demonstrate a common thread of frustration with the City and various management over time of what has been invested in downtown.

Mr. Cullen provided background information on the Downtown Steering Committee. In late 2020, the City Council asked the Mayor to form a Downtown Task Force to discuss the challenges businesses were facing and put forth recommendations to revitalize the downtown. The Downtown Task Force became the Downtown Rock Island Steering Committee in 2020 made up of property owners, City Officials, and other stakeholders. One of the main objectives of the committee was to explore the creation of a place management organization or person to assist with the revitalization efforts and to provide a higher level of service to create a healthy and vibrant downtown. After reviewing several options, including hiring an in-house manager, starting a new organization from scratch, or hiring an outside organization; the recommendation was to contract with the QC Chamber of Commerce. Ultimately this led to the current contract with the Chamber.

Next, Mr. Cullen provided Council with a PowerPoint presentation. He explained that place management entails custom services and activities above and beyond basic municipal services. This is done through public-private partnerships because in most cases a municipal government is unable to perform this level of services without a dedicated partner. He noted proper place management enhances the safety, cleanliness, and general welfare of the specified area such as the downtown. The Cities of Bettendorf, Davenport, Moline, and East Moline all have at least some time of Special Service Area or District to help update, maintain, program, promote, and grow their downtowns. The most common funding tool for these services is a levy upon taxable properties within a contiguous geographical area. The funds collected from the levy are restricted to improve the business and culture environment of the agreed upon service improvement activities. Property owners have control over how these funds are allocated as they make up a majority of the governing body.

He said the Chamber of Commerce would provide place management services similar to their current placement services with the Downtown Bettendorf Organization and the Downtown Davenport Partnership. His role would include being a liaison between the private and public sectors.

Mr. Cullen said that since April 2021, he has been working with business owners and the Downtown Rock Island Steering Committee to explore the creation of a downtown place management organization, determine a sustainable funding model, represent and advocate for the business and property owners as well as the residents, establish relationships with

stakeholders, and identify alternative funding opportunities through grants with public and private partners. He noted after meeting with many property owners in the downtown, there is a call for higher level of services to address the inhibitors to growth and for property owners to have direct control over the services, improvements, and activities in the downtown.

One of the major tenants of placement organizations is creating a cleaner and safer downtown. He discussed the models that have worked across the river and country, which include a dedicated downtown cleaning team and community navigators. This involves also leveraging partners with social services organizations such as the Robert Young Center, Christian Care, Project NOW, and others to help provide services to those in need as well as work with the Rock Island Police Department to deescalate or intervene if issues arise.

Mr. Cullen remarked that it is a unique time in downtown Rock Island and this is an opportunity for revitalization and growth. He noted the investments that are currently happening such as the construction of the new downtown Federal Courthouse. There needs to be a structure in place to ensure we are maintaining programming and celebrating the assets of the downtown. Mr. Cullen thanked Council and the Mayor for allowing him to present.

Aaron Sutherland, President/CEO of Illinois Causality Company and Chair of the Downtown Rock Island Steering Committee, addressed Council about the SSA. He said his company originated in downtown Rock Island and has been in business since 1950. He noted that when he joined the company in 2006, the downtown was vibrant and people were out enjoying lunch at the various restaurants. However, that is not the case today. He provided an example of a town that fell apart and was plagued with negative identity because they did not invest in their downtown and he did not want to see that happen with Rock Island. He opined that he believes there needs to be specialized funds targeted at the downtown that the property owners find important and necessary such as cleanliness, safety, and growth and that is why he supports the SSA.

Nicole Watson Lam, owner of Ms. BriMani's Hair and Beauty Supply and The Urban Reserve and Co-Chair of the Downtown Rock Island Steering Committee addressed Council. She said in order for the downtown to grow, the SSA is needed as the City does not have the resources to keep up with it. She indicated she was in support of the SSA as business owners will have a say in how the money is spent.

Jon Keim, owner of The Original Huckleberry's Great Pizza and Calzones and resident of the downtown addressed Council. He said that he has been involved with the downtown for 30 years and was on the Downtown 2000 Committee and is also a part of the current Steering Committee. He opined he believes this tax is pennies on the dollars as the return far outweighs the investment. If this is not moved forward, it would be a travesty.

Brandy VandeWalle, owner of Skeleton Key Art & Antiques and a downtown resident addressed Council. She said she has been in business for almost nine years. She was at first leery of the committee and the proposed SSA and had some concerns, but once she learned about what the SSA could do and the possibilities that it could create, she was in favor. She noted the downtown business owners are already putting extra money into surviving and the amount of money being asked by businesses to contribute to the SSA will more than pay for itself. She opined that if the downtown goes, so does the entire City as the downtown benefits everyone.

Mr. Sutherland presented a map of the area that the SSA would cover. He noted the Committee wanted to recognize the entire downtown so that all the businesses can thrive and the map provided does that as it aligns with the Tax Increment Financing map.

Next, Mr. Sutherland explained how the Committee promoted the SSA and the process they

undertook to get to where it is now. They met with people face-to-face and talked about how the SSA could benefit the downtown. He noted that conversations with business owners about the SSA started with skepticism and frustration about what has and has not happened in the past with the City. However, once the Committee explained the details of the SSA, many of the business owners became more optimistic about the future of the downtown. He said 27 percent of the parcels have signed on to the SSA and 33 percent of the proposed SSA value have signed on. The support for the SSA in Rock Island exceeds the State of Iowa and the City of Chicago thresholds. In addition to the sign on from business owners in the downtown, there is community support from Augustana College, Bally's Quad Cities, and MetroLink who are not located in the downtown area and did not have to contribute. Modern Woodman has also committed \$50,000 a year. He presented a list of other SSA endorsements.

The five-year proposed budget includes 1.15% tax levy of equalized assessed value; \$315,000 from the SSA, \$150,000 from the City, and \$69,750 from other community partners, totaling \$534,750. Mr. Sutherland noted the commitment from the Steering Committee is to be transparent as well as be accountable. He explained how the Committee will measure success, including Key Performance Indicators such as trends and comparisons with other cities as well as other metrics such as litter removal, event attendance, social media engagement, and community navigator interventions. If after the five-year period the metrics demonstrate the SSA is not successful, the SSA should end. He encouraged Council to buy into the optimism of what can be, and this type of public-private partnership is the most effective, as needs and concerns can be met and discussed in a transparent way.

Mr. Cullen said the Committee is asking for Council approval to establish an SSA and a proposed timeline based on the state statute. The timeline includes 3 phases; Phase 1 entails Council approving the initiating ordinance in August; Phase 2 would involve a Public Hearing and the first reading of an ordinance to establish the SSA. Also, it would involve a 60-day waiting period for objection petitions to be filed, and in November, a second ordinance and extension of the current contract with the City; Phase 3 would involve the end of the 60-day period for objection petitions to be submitted, and on December 23rd, **if 51 percent of the petition was filed**, and the SSA was approved, it would be certified with Rock Island County to ensure funding would begin in 2023.

Mr. Cullen entertained questions from Council. Alderperson Hurt asked for clarification about the presentation copy provided to Council. He pointed to the SSA endorsements community support section of the presentation, and asked why the updated presentation had eliminated Modern Woodmen as a supporter. Mr. Cullen said he received a signed letter from the Modern Woodmen leadership team confirming a \$50,000 annual financial commitment to the downtown, but there was concern that it would indicate they fully supported the SSA if they were on the presentation. He clarified that their support is directed to the proposed downtown management organization, and may not agree with the mechanics of an additional property tax. This annual commitment for activities, development, and programming will be there if an SSA is passed and a downtown place management organization is created.

Alderperson Hurt asked Mr. Cullen what type of response he had received from downtown renters and tenants regarding increased costs. Mr. Cullen said that would be up to landlords or property owners, similar to if the City or County raised taxes. He noted conversations with a downtown tenant and property owner who were both supportive after understanding concerns. Alderperson Hurt expressed concern about all tenants and property owners receiving notice of this proposal, and reiterated support for the idea aside from those concerns. Mr. Sutherland said letters were sent via certified mail, and they desire to be transparent and accountable to all voices. He noted that more concerning would be a lack of opportunities and amenities for tenants, and would lead to driving them away than an increase in costs.

Alderson Healy asked how many businesses were contacted, as well as the total number of parcels. Mr. Cullen confirmed there were 434 taxable parcels within the area, and they met with as many as they could, which was upwards of 100 different property owners. He noted that 120 parcels were represented in the endorsements. Certified mail was used to ensure that 100 percent of property owners were contacted, but that method was not used for those already contacted. Alderson Healy asked how many mailers were sent, and Mr. Cullen said 120 mailers were sent. He added that less than 10 were returned.

Alderson Poulos asked how many single-family dwellings were within the downtown parameters of the SSA proposal. Mr. Cullen said they worked with the Community and Economic Development (CED) Department to determine what identified as a commercial or downtown business, as that was the goal of the SSA. He said there are some single-family homes in the downtown, and there are additional opportunities to meet with the public and possibly adjust the boundaries as needed or wanted. Alderson Poulos asked if those homes would be taxed at the same 1.15% as the businesses. Mr. Cullen said if they remained within the SSA boundaries, that would be the case. They will work with the CED and legal staff to ensure compliance for determining any inclusion or exclusion from the SSA boundaries. Alderson Poulos expressed concern about whether private owners would recoup their investment by being involved.

Ms. VandeWalle said as a business and property owner who lives on-site, they would still enjoy benefits of the SSA even if they were not owners. She added that the improvements should positively affect property values, and the dollars still made sense. Security has been at the forefront of the downtown issues, and keeping those problems under control would be a benefit. Alderson Poulos said Council needs to hear more from downtown residential citizens, as there has not been enough. Mr. Cullen noted that many property owners who are also residents have been in favor of the SSA. Alderson Swanson asked if non-profit property owners or churches would not pay, but still receive the benefits. Mr. Cullen said it would depend on the non-profit tax status, as some still pay property taxes.

Alderson Poulos asked how the ambassadors for downtown safety would be selected, who would do the training, and to whom would the liability fall if said ambassadors went beyond their training. Mr. Cullen said a possibility is to partner with the community service providers currently doing this work, including Christian Care and Project Now to leverage those that have the training. The Police Department could also be involved to include additional training, and they are looking and models which worked in other places to assist in adopting measures. Alderson Poulos asked for confirmation that these providers would be accountable for their behavior and actions, and to whom that would be. Mr. Cullen said if the downtown organization was set up as an arm of the QC Chamber of Commerce, a separate contract with a service provider would be developed. If something rose to the level of enforcement, these providers would not be doing that.

Alderson Healy asked when the notification letter went out to the 120 businesses or parcels. Mr. Cullen said the letter was created in June and the letters were taken to the post office the first week of July. Alderson Healy said the letter makes no mention of the July 19th Steering Committee meeting, the current Study Session, or an option to note whether the recipient supported the measure. Mr. Cullen said in the letter it was noted that if there were questions or concerns, there was a number to reach him. Alderson Healy said there was a spot to sign if the recipient was in favor, but not for being opposed. Mr. Cullen confirmed that was correct. Alderson Healy noted that Mr. Tilka received the letter July 9th, but on August 8th Council would vote to raise taxes for a letter that was sent to 120 people. Mr. Cullen said the August 8th vote would not be to raise taxes, but rather to initiate the process that would accept the proposal from the property owners and Steering Committee. Alderson Gilbert said that was misleading, as the August 8th ordinance has to include the maximum tax rate as well as the

map and the term of the SSA.

Aldersperson Gilbert asked why either meeting was not included in the mailing to allow people to learn more and voice concerns, and opined that it was purposely omitted. Mr. Sutherland acknowledged the potential oversight, but did have residents come to the Steering Committee meeting. He believed people are smart enough to utilize the contact information to relay their support or disapproval, and noted there have been newspaper articles, online articles, and public indications of what has taken place with the Steering Committee. He said to state that there was purpose to not include people was offensive.

Aldersperson Healy asked who made the map. Mr. Cullen said he worked with CED Director Miles Brainard and staff member Kathy Douglass to draw the boundaries. Aldersperson Healy asked why Modern Woodmen was drawn out specific to their eight properties. Mr. Sutherland said they met with Modern Woodmen early in the process, and determined the amount of property tax they pay and the disproportionate impact it would have on their assessment caused concern, which led to the resulting stance. Aldersperson Healy said if one goes by their properties, they should pay \$117,458.36. Mr. Sutherland noted that he believed Modern Woodmen to have property tax exemptions, and he wasn't sure if that amount was factored. Mr. Cullen added that the scope of the work was not meant to be focused on the area north of 1st Avenue, and certain responsibilities will not be rescinded, such as the servicing of Schwiebert Park.

Aldersperson Healy asked if there were any other deals for businesses eligible for the SSA. Mr. Sutherland said he wasn't aware of another deal, as Modern Woodmen has a unique situation, and was not sure if another business would come to them for such an exemption. Aldersperson Hurt asked Mr. Cullen what the stance was for Royal Neighbors of America as a non-profit. Mr. Cullen replied they have been part of the Steering Committee from the beginning, and they are supportive of work to improve the downtown, but have not yet offered a response to the proposal. He noted it was against their philosophy to support an additional tax. Aldersperson Hurt said there has not been enough representation from residents or owners in the area, as they do not have enough of a sample size. Mr. Sutherland noted that the percentage of approval is well-established as a criteria around the nation to get an SSA approved.

Aldersperson Swanson said there are 434 parcels, and 120 signed on, but 314 have not. She said the people who have not responded are an unknown as it pertains to their opinions. She asked what the rush would be, as time could pass and more input could be gathered. She said on October 24th there is a public hearing, but too soon after there is a vote, and wants to know why someone would be against the SSA. She noted that she felt rushed on this proposal. Mr. Sutherland noted that the timing would respectfully be at the Council's comfort level. He added that waiting would contribute to watching the downtown deteriorate before acting. Aldersperson Swanson asked when physical changes to the area would be actually made, as it might show residents the City is working on it. Mr. Sutherland said he agreed, and that is much of the frustration.

Aldersperson Swanson asked about the matching funds grant. Mr. Cullen said if the SSA was approved and certified this year, they would not see any money from that until the following summer. There would still be a gap between when it was approved and when one could see the benefits. Mr. Cullen noted that two-thirds of the Steering Committee meetings ended in an endorsement of the proposal. He added that many Rock Island-based companies are listed as supporters of the proposal, and this is a path to rebrand and renew. Aldersperson Swanson said there are a lot of businesses not on that list as well.

Aldersperson Gilbert said she did not want to be rushed, as Council was not allowed to attend two years of Committee meetings, and when they were allowed, they could not ask questions.

Mr. Sutherland said he did meet with her one-on-one for questions. Alderperson Gilbert asked Mr. Cullen if he kept a database of all parcels and who was contacted in various ways, as well as any concerns. Mr. Cullen said he had that information. Alderperson Gilbert asked where it was, as the City was their client. Mr. Cullen said he would present the information regarding all property owners that have endorsed the SSA. He noted that the waiting period allows for public input, and recalled for Council the 60-day period for the public to present opposition petitions.

Alderperson Gilbert asked how many properties were residentially owned, and how many renters this would affect. She also asked how many low- to moderate-income people live in the proposed SSA district and whose rents would be affected. She recalled the most recent Census information that 48 percent of the City's households are in that category. Mr. Cullen said viewing the Census data would be the best opportunity to extract that data, but they did not utilize that data. He added that they recently completed a downtown housing study in partnership with the City, and will share those reports. Alderperson Gilbert asked Mr. Cullen if he sent notification to owners and businesses in 2021 explaining the purpose of their contract with the City and notifying them of meetings. Mr. Cullen replied no, but at public meetings the contract was approved, and it was heavily reported in detail. He noted the contact information he gathered from CED and the Development Association of Rock Island (DARI) to build relationships with stakeholders.

Alderperson Gilbert asked how many public meetings the Steering Committee held during that time for property owners, businesses, and residents to discuss the SSA. Mr. Cullen said they are not public meetings, and both meeting minutes and the outline of their contract was provided on the City's website. Alderperson Gilbert said that did not happen until May after she asked the Mayor at several City Council meetings. Mayor Thoms noted that the time was running late, and any additional questions could be provided to City Manager Thompson to communicate and receive feedback from Mr. Cullen. Alderperson Gilbert said she wanted the discussion on record for the public. Alderperson Swanson said it was important enough to include in the regular meeting.

Alderperson Parker thanked the Chamber of Commerce partners and also his constituents in the downtown for contributing. He offered his support on the initiative and would advocate for its success.

MOTION TO ADJOURN

MOTION:

Alderperson Poulos moved to adjourn; Alderperson Hurt seconded.

VOTE:

Motion passed on a 7-0-0 roll call vote. Aye: Gilbert, Swanson, Poulos, Parker, Healy, Robinson, and Hurt. Nay: None. Absent: None.

The meeting adjourned at 6:37 p.m.

A handwritten signature in blue ink that reads "Josh Adams". The signature is fluid and cursive, with the first letter of each name being significantly larger and more stylized than the others.

Josh Adams, Deputy City Clerk