CITY OF ROCK ISLAND
CITY COUNCIL STUDY SESSION
April 10, 2023 - 5:30 p.m.

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

4/10/2023 - Minutes

CALL TO ORDER

Mayor Thoms called the meeting to order at 5:30 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 City Clerk Samantha Gange to call the roll.

Present: Alderpersons Randy Hurt (virtual), Judith Gilbert, Jenni Swanson, Dylan Parker (virtual), Mark Poulos, Bill Healy, and Mayor Mike Thoms.

Absent: Alderperson Moses Robinson.

Staff: City Manager Todd Thompson, City Attorney Dave Morrison, City Clerk and American Rescue Plan Act (ARPA) Program Manager Samantha Gange, and other City staff.

PUBLIC COMMENT

Mayor Thoms asked if there was anyone in the audience or virtually that wished to comment. No residents volunteered to speak.

ARPA ECONOMIC DEVELOPMENT PRESENTATION

Community and Economic Development Department Director Miles Brainard addressed Council regarding American Rescue Plan Act (ARPA) Funded Business Assistance Programs. He commended staff and partners for developing the program.

Economic Development Manager Tarah Sipes presented staff recommendations about ARPA program uses for the funding. The goal is to keep programs accessible to all business owners and not solely for those working on large projects, as well as making the biggest impact in the community as possible. Assistance to businesses was identified as a top five priority for ARPA funding amongst public survey respondents, and Council allocated $500,000 for the Façade Improvement Program and $750,000 for business assistance. She said the proposal allows these programs to complement a larger strategy to address community needs as part of an effort to create long-term stability in the business community.

Ms. Sipes discussed the five main identified community needs. These include remedying functional obsolescence, addressing long-term vacant properties, code compliance and life safety, offsetting location disadvantages, and opportunity. She reviewed the City's role in economic development, stating the goal is to create an environment to make the City attractive to businesses. She then reviewed general policies and procedures regarding applicants that are consistent across all City economic development programs.

Ms. Sipes discussed proposed programs for business assistance. The first is the Commercial Property Enhancement Program (PEP), for which the goal is to improve the functionality of and increase property value of commercial structures in the City. She said the program is designed to encourage new business and expansion, foster revitalization, and encourage private investment. Businesses can apply to receive a matching grant, up to 50% of eligible expenses, and up to $20,000 match per project. She discussed eligible activities under this portion of the program.

Ms. Sipes reviewed the second proposed program for business assistance, or Growing Rock Island Together (GRIT). The goal of this program is to provide low-interest gap financing in conjunction with forgivable loans to help incentivize business expansion, attraction, and entrepreneurial creation. Businesses can apply to receive a 50% low-interest loan, a 50% forgivable loan, and coverage of up to 30% of the total project cost up to $50,000 per project. She discussed eligible activities under this portion of the program. She said the City has a manufacturing technology deficit; therefore, prioritizing those types of expenditures is important.

Ms. Sipes reviewed the proposed Economic Development Platform portal. Staff initially interacted with a company called CivicServe for management of Tax Increment Financing (TIF) districts, which provided assistance with reporting of job creation metrics. CivicServe thusly expanded their program to be more of an economic development tool, and have designed and customized a portal for the City with staff's input. Ms. Sipes demonstrated the platform application process via slideshow with Council.

Alderperson Gilbert asked what would happen if a portal user did not yet have an address for a particular site. Ms. Sipes replied a user can also register the business, which creates a portal profile. If a user creates an account, they will be able to access the programs. City Manager Todd Thompson noted that addresses can be important within the portal to identify whether or not a property is in an Enterprise Zone or TIF district. Mr. Brainard added that the portal also works as a business registration system. Mayor Thoms said this is similar to, and interacts with, the existing Forward platform through the Development Association of Rock Island (DARI). Mr. Brainard said the long-term goal is to transition from Forward to this CivicServe platform, as there are more staff tools.

Ms. Sipes reviewed the GRIT application process found within the portal. Mr. Brainard said the goal of the portal application process is to have a more objective method for determining assistance amounts. Ms. Sipes noted that searching for a property within the portal produces Geographic

Information System (GIS) data, which includes the parcel ID and most recent assessment. Alderperson Gilbert asked if the financing details portion of the application indicated upfront costs that would later be reimbursed. Ms. Sipes replied affirmatively, adding that as the program currently stands, reimbursement is the only option. Alderperson Gilbert asked for confirmation that the GRIT program is a 50 percent low-interest loan with 50 percent forgivable, which can be 30 percent up to a total project cost that is reimbursement only. Ms. Sipes replied affirmatively, and reiterated she had been in the program earlier in the day and caused the error. Mr. Brainard clarified that it was a system error. Ms. Sipes added that any development agreement would detail the required terms.

Alderperson Gilbert asked if there was a page on the platform that detailed different options for clawback. Ms. Sipes said that was not currently in the platform. Alderperson Poulos asked if the program platform was driven by the business owner, as it may be a benefit to guide them through the process. Mr. Brainard said the point was to ensure that the system be user-intuitive and user-friendly once a profile was created. Alderperson Poulos asked how many individuals involved in the economic development team were going to be fluent in the program platform. Ms. Sipes said all members would be familiar. Mr. Brainard said the team was willing to review the platform with individual Council members for a better understanding. Mr. Thompson added that the application is a means to an end in being able to work with businesses.

Alderperson Gilbert said when she was reviewing the platform earlier in the day, it took her to the City website page for the programs, which may not have the most updated information. Ms. Sipes said she would double check the links. Alderperson Swanson said it is good to have an overview of the platform, and will have any questions posed to her routed to staff. Alderperson Gilbert asked Ms. Sipes if she was the contact person for this. Ms. Sipes said she was the primary contact for any ARPA-funded program, as it is City-funded, but any economic development team member can assist.

Alderperson Parker said he was glad accounts from the Forward platform could be transferred seamlessly to CivicServe, but expressed concern about duplication and not following the intention of the economic development services agreement with DARI. He asked if DARI's programs would eventually be included on the CivicServe platform. Ms. Sipes replied affirmatively, and said the team did not want to pursue the platform unless DARI's programs were also included. Alderperson Parker asked if there was a discussion between DARI and the City with regards to identifying a single person responsible for managing all assistance programs. Mr. Thompson said that question was one reason why an extension of the DARI agreement was recommended, and he would provide more relevant information to Council soon.

Ms. Sipes noted that the economic development team had anticipated continuing to utilize the Forward software, but as the Forward business evolved, they moved in a different direction, which did not align with the City's. Alderperson Healy said his concern is that many potential business owners find the process difficult, and hoped to ensure that the economic development team will be able to help if someone comes to them. Ms. Sipes said the team has considered how to provide additional technical assistance. Alderperson Healy asked if it was possible to obtain both grants. Ms. Sipes said the PEP grant is meant to be accessible to anyone, but the 50/50 grant is perhaps reserved for larger projects. She added the idea is to find the best fit for individuals to maximize their benefits.

Alderperson Gilbert said the paper version of the application states that a business plan is required, and asked if it was possible to enter one in the new platform if someone has yet to write one. Ms. Sipes said documents can be uploaded, but if they do not have a plan as of yet, there are experienced local resources available to assist.

Alderperson Healy asked what the original loan terms would be for the 50 percent program. Ms. Sipes said operational fees need to be determined, but a term of 5 years at 2 percent has been discussed. Alderperson Healy asked if a property owner would need to cosign if a building is being

leased. Ms. Sipes replied a notarized property consent form had previously been utilized. Alderperson Parker asked if the GRIT program was replacing CRLF (Commercial Revolving Loan Fund). Ms. Sipes confirmed they were two separate programs, as the CRLF program is funded by Community Development Block Grant (CDBG) funds, and GRIT will be funded with ARPA dollars. Alderperson Parker asked if the underwriting process would be the same with GRIT as CRLF. Ms. Sipes said that is the plan. Alderperson Parker asked if the staff was confident that the City would be able to collect on these loans. Ms. Sipes replied affirmatively, adding staff has learned to collect appropriately. Mayor Thoms added that the whole process has changed dramatically, including having a bank perform underwriting duties and receiving updates throughout the year regarding the loan.

Ms. Sipes said applications will be reviewed against a scoring matrix, projects will be brought to an administrative review team, and a recommendation will be made to the City Manager. Each award will be subject to a development agreement between the applicant and the City. The desired outcomes from the programs will be an improved building stock for current and future businesses, and an expansion of job opportunities for citizens. The next steps would include returning to City Council with program policies and procedures, a resolution authorizing the use of ARPA funds, the activation of all ARPA-funded programming within the CivicServe platform, and also working with the City's Community Engagement Manager to market the programs. She added a list has been compiled of interested parties that have already considered projects. May 1, 2023 would be the targeted rollout date.

Alderperson Gilbert followed up on Alderperson Healy's comments regarding commercial property enhancement programs for tenants and not property owners, stating she has concerns about tenants accessing program funds. She said it is a much riskier proposition for property enhancement to loan that money. Mr. Brainard said certain clawback clauses could be added to make something work, but steps do need to be taken to protect property owners and the City.

Alderperson Parker asked if it was the intention to include language regarding clawbacks as part of any final policies and procedures for the programming. Ms. Sipes replied affirmatively, and Mr. Brainard said the presentation was meant to check with Council that the program process should move forward prior to finalization of any policies and procedures. Alderperson Parker said he would not want to approve any resolution until Council could review specific policies and procedures. He also wanted to see closer scrutinization for businesses that have demonstrated failure to comply with existing regulations, perhaps by developing a checklist of requirements.

Mayor Thoms said he is excited about the programs, as it uses ARPA funds in a multifold process. Alderperson Swanson cautioned to not be punitive, as the goal is to welcome new business and encourage development. Mr. Brainard said the main goal is to allow a business or resident to have a good experience. City Clerk Gange clarified that there is actually $450,000 available for the PEP program and not $500,000. Alderperson Healy said the 2 percent interest sounded good, but would not help self-fund the programs.

MOTION TO ADJOURN

MOTION:

Alderperson Gilbert moved to adjourn; Alderperson Swanson seconded.

VOTE:

Motion passed on a 6-0-1 roll call vote. Aye: Poulos, Healy, Hurt, Gilbert, Swanson, and Parker. Nay: None. Absent: Robinson.

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Josh Adams, Deputy City Clerk