

**CITY OF ROCK ISLAND
CITY COUNCIL STUDY SESSION
March 25, 2019 - 5:30 p.m.**

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

Present: Mayor Mike Thoms, Alderman Ivory D. Clark, Alderman Virgil J. Mayberry, Alderman James Spurgetis, Alderman Stephen L. Tollenaer, Alderman Dylan Parker, and Alderman Dave Geenen

Absent: Alderman Joshua Schipp

Staff: City Manager Randy Tweet, City Attorney Dave Morrison, City Clerk Judith Gilbert, and other City staff

3/25/2019 - Minutes

**COMMUNITY AND ECONOMIC DEVELOPMENT: CODE ENFORCEMENT PROGRAM -
HUD FUNDED TARGET AREAS**

Community and Economic Development Director Chandler Poole said he was going to be talking about the CED Department's Code Enforcement Program and some of the changes they will be making in the next few months; specifically how it's run, the areas of influence or areas of concentrated efforts, and the reasons why they are making these changes.

Mr. Poole said in April of 2018, HUD conducted a monitoring visit on the HUD-CDBG Code Enforcement, Economic Development, and Financial Management programs and processes. HUD identified two code enforcement findings: Finding #1: Failure to demonstrate eligibility of the code enforcement activity; and Finding #2: Failure to correctly determine service area for reviewed code enforcement activity. He said it means that CED was doing code enforcement work, paying for it with CDBG funds, but not having a clearly defined service area or showing what the City was doing with the money. Mr. Poole said it has been going on for quite awhile. He said they are cleaning it up and they have been working with HUD on the problems. Mr. Poole stated HUD is very happy with the progress that is being made and the direction of the program. Mr. Poole said the City got to create the solution. He added that Colleen Small-Vollman spent two years working on the solution and he is proud of her efforts.

Alderman Mayberry asked Mr. Poole to explain where the money is supposed to go; the CDBG money is not for the whole city. Alderman Mayberry asked for clarification that the money is supposed to go to certain areas. Mr. Poole explained how and when the money can be used outside of the traditional areas and when the money must be concentrated in certain areas which he will be discussing.

Mr. Poole reviewed Finding #1: Failure to demonstrate eligibility of code enforcement activity. He read HUD's language regarding the finding: "The city did not define or designate a "deteriorated or deteriorating area." Further the city could not demonstrate that performed code enforcement activities are associated with any improvements or plans of improvements which could arrest the decline or the area where CDBG code enforcement activities took place." Mr. Poole said basically the finding is asking what did the City do with the money. He said they were doing code enforcement and doing it well, but it was not to HUD's standards, policies, or procedures and in the areas where the City needed to be. Alderman Mayberry asked if HUD said how many years it had been happening. Mr. Poole replied "a lot of years." Colleen Small-Vollman, CED Budget and

Grants Manager, said that HUD only looked at Program Year 2017.

Mr. Poole reviewed Finding #2: Failure to correctly determine service area for reviewed code enforcement activity. Mr. Poole said the HUD language was again rather strong: "The city determined that the CDBG code enforcement area included all of the city's low and moderate income census tracts. However, not all low and moderate income census tracts form a logical, contiguous area. In identifying the service area, there is no evidence that besides the census data, the city considered other important factors such as: the nature of the activity, accessibility issues, the availability of comparable activities or whether the service area is primarily residential in nature." Alderman Mayberry said it was his understanding that the majority of money was supposed to be going to the worst areas which is Ward 1. Mr. Poole responded yes, a large portion of it. Alderman Geenen asked if it was based on wards or census tracts.

Mr. Poole explained what the department was doing to address the findings and correct them. He said he and Ms. Small-Vollman have been on a number of conference calls with HUD and presenting the City's plan with what the City wants to do and the direction for how they want to proceed. Mr. Poole said they have examined the program and determined that the first step in the process is the designation of eligible areas for HUD CDBG Code Enforcement Activities. They looked at "heat maps" which were created by plotting data for nuisance calls, grass and weeds, police calls, structural issues, and rental locations in order to determine density areas. The heat maps were on display for Council to view. The staff identified three areas of focus to be determined to be "deteriorated or deteriorating."

Mr. Poole explained that HUD requires the City to use the state or municipal definition of what deteriorated or deteriorating is. Mr. Poole said they use the state definition. Mr. Poole presented the state definition. Alderman Geenen asked if they had options of which definition to use. Ms. Small-Vollman responded yes. She said they use the state definition, but there are many different categories within the definition. They are using dilapidation, obsolescence, deterioration, presence of structures below minimum standards, and excessive vacancies.

Mr. Poole reviewed and explained the first focus area in the heat maps. The areas showed the census tracts and the percentage of low to moderate income households. Mr. Poole hopes that as they start working with individuals, the maps will change. He said code enforcement is the hammer and now they have the carrot which are the programs with money for people to fix up their houses. Their program has been redesigned so that there will be one code enforcement officer solely focused in one area to get code compliance and positive resolutions. Alderman Mayberry said it was the practice of past administrations to tear down homes; he said in one year they tore down 90 homes in the First Ward. Alderman Mayberry asked about vacant lots. Mr. Poole said there is nothing in this HUD program for vacant lots. The program is about making sure the existing housing stock is brought up to code or a basic level of life and safety. Mr. Poole said the program is targeted for homeowners.

Mr. Poole next reviewed the other two focus areas in the heat maps which are on the east side (Greenbush and lower Keystone). He said there will be another code enforcement officer focusing on those two areas. There will be another code enforcement officer to work on the rest of the city. He said they have been working with the new Chief Building Official, Chris Young, on how to utilize the code enforcement officers throughout the city. Alderman Mayberry asked if the officers were already on staff; Mr. Poole replied yes, they are just redeploying them.

Mr. Poole discussed the next steps. In order to move the process forward, they will be introducing a resolution on April 8 designating the three areas as deteriorated or deteriorating. Mr. Poole said these words are used when creating TIF districts and also used in other plans. CED will also be contracting with Resource Consultants (on tonight's agenda) to assist in the development of code enforcement policies and procedures; these are the documents that will govern how they will move forward with code enforcement. Mr. Poole said the documents will

lay out exactly how the program will work and how the files will be with more consistency and more data being tracked. Alderman Parker asked about current written code enforcement policies. Mr. Poole replied no, not at that level. Ms. Small-Vollman said there are the codes that were adopted by Council such as the Property Maintenance Code and the International Building Code.

Alderman Geenen asked about the first area and that it is also an opportunity zone; would the program help market the zone. Mr. Poole responded it would not help with marketing the opportunity zone because there are no large tracts available for projects by institutional investors. Century Woods is in the first focus area.

Mr. Poole explained that once the resolution is approved and they have the contract with Resource Consultants, they will be taking all of the information to HUD for approval. After that, the department will be working closely with HUD Region 5 working on the findings. Mr. Poole said it has taken two years to get to the point of how to clean up the findings. He commended Ms. Small-Vollman's efforts and work during the last two years on the effort. Mr. Poole said there are going to be a lot of changes, but they have seasoned individuals who know what they're doing, but they will have to think a little differently on how they are going to do this the new way. He said HUD is very excited about the City's efforts and the changes that are going to be made.

Alderman Spurgetis congratulated Mr. Poole and Ms. Small-Vollman on the progress. Alderman Spurgetis asked if the program is aimed primarily at residential, but is there a way to look at a plan for North 11th Street. Mr. Poole responded with the current funds, they are working on homeownership. Next will be a revamped CIRLF program for North 11th Street. He said they have been working with other departments on the target areas (Public Works, Police, and Parks). Mr. Poole emphasized the Code Enforcement Program for homeowners needs to get going first.

Alderman Clark said they did a wonderful job especially Ms. Small-Vollman; he knows it wasn't easy. He wanted to know more about how it will look; will every inspector understand it's not just the hammer of code compliance. Mr. Poole replied every inspector will be carrying information on the loan programs to help them with code compliance. Alderman Clark wanted to know if Council will see the information that will be given to homeowners. Mr. Poole said yes. Ms. Small-Vollman said they are also translating the information into a number of languages as it must also be Fair Housing compliant; Fair Housing sheets will also be handed out.

Ms. Small-Vollman said \$175,000 will be invested in the first area with another \$50,000 in the other areas. Alderman Geenen asked what the money will be spent on. Mr. Poole said it will be spent on electrical, plumbing, water heaters, plumbing, roofing, and windows. Alderman Mayberry asked if the program is available for renters. Mr. Poole said for now, it is just for homeowners. He added they are re-doing the entire rental inspection program. He hopes to bring those changes back to Council in the summer. They will be redoing the Renters and Landlords ordinances. They hope to have incentives or a match program for landlords ready by the end of 2019.

Alderman Parker said it is awesome and thanked Mr. Poole and Ms. Small-Vollman. Alderman Parker wanted to know how much the City pays for MUNICES through Bi-State. He wanted to know if it is by the number of claims or a one-time fee. City Attorney Dave Morrison wasn't sure how the City pays for it, but he said the court costs are by case. Alderman Parker wanted to know if the City will save money with processing people through MUNICES. Mr. Morrison explained the process of MUNICES.

Alderman Parker suggested that CED go to the Greenbush neighborhood meeting on April 16 and inform the residents about the designation and explain what's going on before bringing the resolution to Council. He said residents might be upset about hearing their neighborhood

designated as deteriorated or deteriorating. Alderman Parker asked if they could hold off the resolution until April 22. Ms. Small-Vollman said HUD is pushing for them to get things done. She said they could package up everything else and send the resolution later after April 22. Mr. Poole said they will do the best they can.

Council was very excited about the proposed changes and thought CED had done a good job.

AMERICAN DREAM HOME IMPROVEMENT

City Manager Randy Tweet said representatives of American Dream Home Improvement would like to present where they are in working on the issues that came up at the public hearing. He said they are interested in working in Rock Island again. Alderman Geenen asked if the City had revoked their license. Mr. Tweet said yes, the City had revoked their license after the Public Hearing which the Council had supported. He said that ADHI has made quite a few changes and would like to talk about that. He said they had recently met with the Mayor, the City Attorney, and himself.

Present from ADHI were John O'Connor, attorney representing ADHI, and Drew Kramer, Chief Compliance Officer. Mr. O'Connor stated that at the time of the public hearing, the Attorney General's complaint was pending. He explained since then, the Attorney General and ADHI have reached a resolution based upon extensive information and documentation from ADHI to satisfy the Attorney General that ADHI has put in place protocols, safeguards, and changes to the system so that homeowners are now protected.

Mr. Kramer noted that the packet contains a timeline and details about Mr. Collier's situation and contract. Mr. Kramer explained that ADHI accepted Mr. Collier's request for cancellation with a full release of obligation and at no cost to him. Mr. Kramer said that ADHI's policy is less strict than the state's requirement regarding rights to cancel. Mr. Kramer explained the new policy and all of the points of contact at which time the homeowner can cancel with no further obligation.

Mr. Kramer provided the City with the consent decree between ADHI and the Attorney General, although there was no admission of guilt by ADHI. He said the process has been changed to be compliant in Illinois and to provide protection to the homeowner. He added that ADHI cooperated extensively with the Attorney General.

Mr. Kramer reviewed the new two-step inspection-contract process. The first step is not a contract, but allows ADHI to perform an inspection and prepare a Damage Summary. After a period of one to four days, there will be a second meeting with the homeowner and their insurance company to get approval of the job. An estimate is provided for the work to be done. Mr. Kramer stressed that homeowners are not responsible for work not paid for by the insurance company except for their deductible.

Alderman Spurgetis asked when they ask the homeowner to sign the forms. Mr. Kramer explained signing the Damage Summary (inspection form) is usually at the first meeting. The actual contract is then signed one to four days later. Alderman Clark asked what happens after the homeowner signs the contract and the insurance company approves the work. He wanted to know if the homeowner is obligated to have ADHI do the work. Mr. Kramer responded yes, unless the homeowner cancels the work. Mayor Thoms said he understands that there is no bill until the supplies show up or the work is done; the homeowner can still get out of the contract with no fee. Mr. Kramer confirmed that; as long as no work has been done, the homeowner can still cancel.

Mr. O'Connor said they have added additional terms to the contract regarding cancellation. He showed the separate Notice of Cancellation form which was missing previously. He noted the

specific language on the forms regarding the work to be performed; the approval of work by the insurance company; and the homeowner's obligation to pay the insurance company's deductible. Alderman Geenen said the homeowner has three days to cancel. Mr. Kramer said there would be no charge until the work has started. The actual contract has the estimate of the charges for the proposed work.

Alderman Mayberry wanted to know if the contracts that ADHI is using are similar to other contractors' forms. City Attorney Dave Morrison said the ADHI forms are compliant with the law and were part of the consent decree. He does not know if they are similar to what other businesses use.

Mr. Morrison asked ADHI to talk about their new software. Mr. Kramer explained their new software allows them to track jobs by city and to see how many and what inspections are coming up on the schedule. This will eliminate overburdening the Inspection Division with 20 or 30 inspections to be done at once.

Mr. Morrison asked ADHI to explain the training for their salespeople. Mr. Kramer said there is classroom, ride-along, and field training for their new salespeople; they don't actually start sales until their third week. He also stated that ADHI has a Code of Ethics which is emphasized in training. Mr. O'Connor said they have ADHI University for team leaders. Mr. Kramer said there is a ADHI Master's for managers around the country.

Alderman Geenen asked about their philanthropy work, Vets for Roofing. Mr. Kramer said Owens Corning is the contact as the manufacturer of the shingles. They have to apply through a platinum member which would be ADHI. Mr. Kramer said to contact him to get a project done. He said they are actively looking to expand their involvement in the community.

Alderman Parker thanked ADHI for addressing Council's concerns and working out the issues with the Attorney General. Mr. Kramer said they appreciate the time from Council. Alderman Clark also thanked ADHI and thanked the Mayor, Mr. Morrison, and Mr. Tweet for working on the issues.

Alderman Parker asked if they were trying to work with Moline. Mr. Kramer replied no, not at this time.

Mayor Thoms thanked ADHI.

The study session concluded at 6:28 p.m.

Judith H. Gilbert, City Clerk