

**MINUTES OF REGULAR SESSION
HIGHLAND CITY COUNCIL
MONDAY, JULY 3, 2017**

Mayor Michaelis called the Regular Session to order at 7:00pm. Council members Schwarz, Frey, Bellm and Nicolaides were present. Others in attendance were City Manager Mark Latham, Asst. City Manager Peck, City Attorney McGinley; Directors Bell, Cook, Gillespie, Imming, and Rosen, EMS Chief Wilson, Fire Chief Bloemker, Treasurer Foehner, Deputy City Clerk Hediger, and City Clerk Bellm; Keith Moran, of Moran Economic Development, 5 citizens and one member of the news media.

MINUTES

Councilman Schwarz made a motion to approve the minutes of the June 19, 2017 Regular Session as attached; seconded by Councilwoman Bellm. Roll Call Vote: Schwarz, Frey, Bellm and Nicolaides voted aye, none nay. Motion carried.

PUBLIC FORUM

Citizens' Requests and Comments:

Madison County Fair Association Request for Advertising Funding – Wayne Steiner, President of Madison County Fair Board, resides at 35 Meadowlark Lane, requested assistance with advertising funding for the Madison County Fair. The funds will offset advertising cost of television, radio and some print ads. The Madison County Fair has been in Highland for many, many years. This year, it will feature over 1800 exhibitors, from over eleven counties, and over 350 4-H members will exhibit their projects. Approximately 60,000 people will attend the fair over the week, depending on the weather. On Monday night, we will have over 350 4-H members at the grounds to have their projects judged. Tuesday night, we will have the tractor pull, which is an “ITA Point Sanctioned event”, and is usually our largest grandstand event. Wednesday night is the rodeo; Thursday, the Combine Demolition Derby; and, Friday, is our largest attendance day with beef and hog shows, 4H auction, Car and Lawnmower Demolition Derby, and Pork Producers BBQ Day. Saturday is our race night; and, we conclude on Sunday, with Family Day. We have an agriculture education tent with over 50 exhibitors. Additionally, we have many, many judges that come in for the different events. These judges and exhibitors usually stay over at least one night. We are seeking \$4,235 funding for advertising. Our total advertising budget is close to \$10,000. Councilwoman Bellm made a motion to approve request for \$4,235 hotel/motel tax funding assistance for advertising of the Madison County Fair. Motion seconded by Councilman Schwarz. Councilwoman Bellm asked if this is available in the budget. City Manager Latham reported we actually had set aside \$4500 in the budget for this event. Councilman Schwarz asked how many hotel nights are associated with this. Mr. Steiner acknowledged that is a very good question and he does not have an exact number; however, he estimated it be between 40-50 overnight stays. He pointed out that the Madison County Fair hosts several events at this location throughout the year. On Memorial Day weekend, we had a one-day hog show at the grounds. While it was a one-day event, many came in on Friday, stayed overnight in the area, for the show on Saturday. This past weekend, we had the “Black & White Event”, which is our Holstein cattle show. Additionally, we host the Vintage Days Market. Our group has been asked to bid on a national fair event. Our chance of getting that event is less than 1%; however, my point is, we hold several events and do many things out there that contribute to the

community. Councilwoman Bellm acknowledged there are many of us aware that the fair association hosts many events throughout the year. Roll Call Vote: Schwarz, Bellm, and Nicolaides voted aye, none nay. Councilman Frey abstained. Motion carried.

Requests of Council:

No requests or comments.

Staff Reports:

Presentation – Keith Moran, of Moran Economic Development, provided a handout of a draft of a Business District Development Resolution, to the council. Mr. Moran explained we are an economic development firm out of Edwardsville. We have worked, in the past with the City of Highland to establish a TIF district. Most recently, we worked with the city on the Regional Enterprise Zone. Mr. Moran explained a business district program does not involve property taxes; it involves sales tax. Laws have changed and we want to utilize the new laws that exist to generate funding sources. Business districts exists within a defined area(s). Even non-home ruled communities can increase sales tax within a specific area(s) for defined purposes. The normal sales tax, in Illinois, is 6.25%. Business Districts would allow you to increase up to 1.5% for additional purposes. Presently, sales tax in Highland totals 7.85%. If I purchased a \$100 chainsaw at a store, in Highland, the state would get \$6.25 state, \$1 to the city; Metro-east Parks District, \$0.10; Metro East Transit Districts, \$0.25; and, Non Home Ruled Sales Tax for roadway construction and improvement, \$0.25. If the sales tax were bumped up to 8.85%, that additional \$1 would go to that fund. Obviously, we do not want sales tax to be nonbusiness friendly. I gathered information on where other local communities tax rates are, currently: Collinsville, 9.1%-9.6%; Edwardsville, 8.1%; Greenville, 7.75%; Belleville, 9.1%; Fairview Heights, 8%.-8.9%; and New Baden has a business district area with sales tax of 8.1%. What this tax does not impose upon is prescription costs, groceries, or anything licensed through the State of Illinois. This means that this sales tax would not applied to vehicles and boats. Grocery sales are not included, also. Generally, only about 30% of purchases within a grocery store setting would be impacted.

If we did this, what would it generate? Mr. Moran reported the City of Highland has a number of needs, but most importantly in the public safety area. Currently, \$1.6M goes into the general fund. With full 1% sales tax increase, you would be looking at an additional \$1 million. He pointed out you can only do the sales tax in quarter-percent increments. Obviously, you have enough public safety concerns and expenditures that need to be made. There are other needs, including the need for a regional retention pond to fight FEMA's proposed flood plain map; getting rid of depilated buildings; improvements to the downtown area; economic recruitment, development or retention; and, meeting the needs of public safety. As business districts touch, you want each area to have objectives and goals. The maximum timeframe that these taxes can remain in effect is 23 years. Non Home Ruled tax can be used wherever you want in the community. Money raised in one business district must be spent within that district for the intended purpose(s). We are on a tight timeframe. If approved, tonight, we would work July to September to complete the study, that that it works to your advantage to have this done by October 1, so that the tax could go into effect January 1, 2018. If that does not happen, then the next date would be March 31, 2018, with collection first in October 1, 2018. These dates are based upon Illinois Department of Revenue regulations. Mr. Moran reiterated business districts exist all over in different communities.

Mayor Michaelis noted that Mr. Moran had mentioned demolition of buildings, and asked can you fund construction of new buildings with business districts using this money, because with TIF funds you cannot. Mr. Moran replied yes, you could. While it has to be spent within that particular Business District, what it can be used for is much broader. You could purchase furniture and fixtures. With TIF, you cannot. City Manager Latham reminded the council that at the strategic planning meeting, held last summer, we had a lot of discussion on the needs for public safety and concerns over how to fund them. We implemented a TIF District, with construction of the new hospital, hoping the hospital would see

some development around it; and we could use those funds for development and construction of a public safety facility. That does not look like it is going to happen any time soon. This provides us an opportunity to fund public safety. Not too long ago, we looked at buying a new fire truck, and the funds were not there. That is kind of a background of why we are looking at this.

Councilman Schwarz referenced the proposed draft presented and asked why cut the business districts into three different districts. What is the advantage? Mr. Moran responded I am not suggesting the way we wrote it is perfect; however, we want to address specific needs within different areas. We would want specific redevelopment goals within the three areas, so businesses within them each see it as beneficial to them. Councilman Schwarz summarized this allows them to target something, but provides inside clarity for the department of revenue. Mr. Moran reported the more we have done this, from a business perspective, the more they buy into the additional taxation. If I am a hotel, I know that what these funds are going to be spent on will be beneficial to me, so I am more willing to buy into it. Councilman Schwarz asked how much of the \$1M generated from this, is coming out of Highland residents' pockets, and how much is from shoppers living outside the city's limits or other communities. Mr. Moran responded that would require some analysis. I should be able to gather some of that information myself, at no additional cost. Councilman Schwarz acknowledged this is a way to raise some money. The bottom line is we are not able to meet some of the needs for public safety, since our operating budget is not being met. Before we spend \$40,000 on a study, for a new facility, regardless, funding is going to be needed for public safety. I am not sure that I am willing to agree to a new facility, at this time. Public Safety Director Terry Bell stated this is the most viable option. The fact that we could not purchase a new fire truck, it pointed out we not able to meet our needs. Our operating budgets, year in and year out, are maintaining; however, we are not able to put the required money in to set aside for capital expenditures. We do not want to go out and borrow money to fund the projects. This allows us to put money towards infrastructure – new and upgrade of existing. Councilman Schwarz asked what are other options. Director Bell reported we looked at property taxes and we have tried legislative options to increase non-home rule tax. We have a significant amount of transient market base with the surrounding communities and people that come in for work. Councilman Schwarz asked Mr. Moran if he saw any other opportunities. Assistant City Manager Lisa Peck explained we do not qualify for many grants, because our demographics. Councilman Schwarz asked how did we come to \$41,900 amount for the services agreement. Mr. Moran explained there are typical rates for such studies and area included, and I applied the economy of scale. Councilman Schwarz asked can you improve on the \$41,900 fee. Mr. Moran stated if had to bid this project, I would have bid it higher. This requires quite a bit of data review and analysis. Our firm does everything on a parcel-by-parcel basis. We look at property evaluations for each and history of use for each of the properties, for several years. Director Peck acknowledged Councilman Schwarz's concerns of spending the money and then not going forward. However, the work will have to be done and the only reason this would not happen is if the council is opposed to a sales tax increase. Councilwoman Bellm pointed out, if we are not willing to raise the sales tax, then we should not move forward with this, because this is the way to do it. If we agree to the study, then we should be prepared to raise the sales tax when the information comes in. To do the report and then come back later and say I am opposed to any sales tax rate increase, would be a waste of the money.

Councilman Frey noted you said the sales tax funds raised in those districts go towards things within those districts. Mr. Moran concurred. Councilman Frey pointed out I noticed the proposed site for the proposed new public safety facility is not within any of these districts shown on the map. Director Peck responded that is just a draft. All public safety facilities will be incorporated into a business district. Councilwoman Bellm inquired a business district can overlay a TIF district. Mr. Moran replied yes. Councilwoman Bellm asked Mr. Moran that the council have an opportunity to review the business district mapping for review and input prior to final presentation. Director Peck stated, as part of this process, there will be a series of public engagement meetings. Councilwoman Bellm expressed, as a former retailer, I do not want sales tax going up, and because I know, it is going to hurt sales. As a

resident, I realize that we need to address public safety needs. I have to wonder, since we are so close to Edwardsville, how much of that sales tax would go there. However, when I look at rates, Edwardsville is already at 8.1% and New Baden is already at 8.1%, and it makes it more palatable. Councilman Schwarz inquired, from a contract standpoint, can you get the rate under \$40,000. Mr. Moran stated if you are going to vote on this tonight, I will do \$40,900, only because I liked working with the City of Highland in the past. This is a first! Councilman Schwarz made a motion amend the agreement with Moran Economic Development for technical services and assistance regarding business districts, associated with Bill #17-66, with costs of \$26,000 to be paid upon presentation of Blighting Studies and Plans to the City, and \$14,900 upon completion of the public hearing; seconded by Councilwoman Bellm. Roll Call Vote: Schwarz, Frey, Bellm and Nicolaides voted aye, none nay. Motion carried and Bill #17-66 amended.

NEW BUSINESS

Bill #17-66/RESOLUTION Approving and Authorizing the Execution of an Agreement with Moran Economic Development for Technical Services and Assistance Regarding Business Districts – Councilwoman Bellm made a motion to approve the amended Bill #17-66/Resolution #17-07-2459 approving and authorizing the execution of an agreement with Moran Economic Development for technical services and assistance regarding business districts as attached; seconded by Councilman Schwarz. Roll Call Vote: Schwarz, Frey, Bellm, and Nicolaides voted aye, none nay. Motion carried.

Bill #17-67/RESOLUTION Approving Auto-Renewal of Licensing Agreement for City of Highland d/b/a Highland Communication Services, Between AXS TV and HDNet Movies, and the National Telco Television Consortium, LLC – Councilman Schwarz made a motion to approve Bill #17-67/Resolution #17-07-2460 approving auto-renewal of licensing agreement for City of Highland d/b/a Highland Communication Services, between AXS TV and HDNet Movies, and the National Telco Television Consortium, LLC as attached; seconded by Councilwoman Bellm. Roll Call Vote: Schwarz, Frey, Bellm and Nicolaides voted aye, none nay. Motion carried.

Approve Notice of Municipal Letting, Bid #PW-05-17 for Highland Road Water and Sewer Extension project – Councilwoman Bellm made a motion to approve Notice of Municipal Letting, Bid #PW-05-17 for Highland Road Water and Sewer Extension project as attached; seconded by Councilman Schwarz. Roll Call Vote: Schwarz, Frey, Bellm and Nicolaides voted aye, none nay. Motion carried.

Approve Notice of Municipal Letting, Bid #PR-11-17 for Exterior Painting of the Korte Recreation Center – Councilman Schwarz made a motion to approve Notice of Municipal Letting, Bid #PR-11-17 for Exterior Painting of the Korte Recreation Center as attached; seconded by Councilwoman Bellm. Roll Call Vote: Schwarz, Frey, Bellm and Nicolaides voted aye, none nay. Motion carried.

REPORTS

Approve Warrant #1063 – Councilwoman Bellm made a motion to approve Warrant #1063 as attached; seconded by Councilman Schwarz. Roll Call Vote: Schwarz, Frey, Bellm and Nicolaides voted aye, none nay. Motion carried.

Councilwoman Bellm made a motion to adjourn; seconded by Councilman Schwarz. All council members voted aye, none nay. Motion carried and meeting adjourned at 7:55pm.

Joseph Michaelis, Mayor

Barbara Bellm, City Clerk