

**HIGHLAND, ILLINOIS
MINUTES OF REGULAR SESSION
INDUSTRIAL DEVELOPMENT COMMISSION
CITY HALL, 1115 BROADWAY
WEDNESDAY, NOVEMBER 2, 2022
12:00 PM**

Call to Order:

The November, 2022, meeting of the Industrial Development Commission was called to order at 12:01 PM by Chairman Meridith.

Roll Call:

Members present: Chairman Jim Meridith, Diane Korte-Lindsey, Marshall Rinderer.

Absent: Treasurer Jon Greve and Josh Kloss

Also present: City Manager Chris Conrad; Economic Development Coordinator Mallord Hubbard and Recording Secretary Megan Von Hatten.

Members of the public in attendance included: Hillarie Holzinger of the Chamber of Commerce and Kurt Vonder Haar

Chairman Meridith led the Pledge of Allegiance to the Flag.

Approval of Minutes:

Diane Korte-Lindsey made a motion to approve the minutes of the October 5, 2022, Regular Session meeting of the Industrial Development Commission; seconded by Marshall Rinderer. All members voted aye; none voted no; the motion carried.

Reports:

Treasurer's Report

No Report

Updates on Developments and other City Projects – Chris Conrad

- Public Hearing for Business District Amendment November 2, 2022
- Rezoning of properties owned by Gantner and Rehberger will go to the Combined Planning and Zoning Board on November 2, 2022.
- DQ has requested funds from the façade program and will be going to Council on approval on November 7, 2022.
- Tullaghans had a soft opening last. They have hopes to be fully opened within the next two weeks.
- First Mid building has been purchased by Frey Properties, leased by mortgage company
- 1014 Laurel Street project is beginning to move forward
- Matter Drive – Bid opening is today and they plan to award bid on Monday, November 7, 2022
- Glik's Men's Store has their ribbon cutting on October 26, 2022
- Burian Technology moved in to the Equity 55 building

Update on Highland Communication Services – City Manager Conrad

City Manager Conrad reported no changes have occurred since the last meeting to report on.

Revenue Update – Chris Conrad

- **HCS Rates:** After the last council meeting we noticed a significant scrivener's error in the published HCS rates. The difference is significant enough we are going to bring this back at the next meeting. We weren't planning on implementing until the first of the year anyway, so we have time to correct. Most residential customers will see a slight decrease, and we will be offering 2 additional higher options.
- **Inflation impact:** After going over capital projects with the directors this month during our monthly meetings, I'm putting together a presentation on the impact of inflation on our operations. Often folks believe inflation is something government imposes on the citizens, and many don't realize government isn't immune to the impacts. At one of the IML trainings they discussed inflation which was 7% last year, and is tracking for 8% this year; it hasn't been more than 4.1% since 1992, so what we are facing hasn't been seen since the 70's. That period of inflation lasted from 1968-1982 and was followed by a recession, so I'm preparing for these pressures to exist for the next few budget cycles at a minimum. Everyone's taxes are going to go up, so this will be in preparation to the questions we will inevitably get asked. I want to reassure everyone that we are diligently tracking expenses and revenues, and we will make necessary operational decisions based on our financial positions.
- **Property tax revenue pressure:** We continue to also see pressure on the property tax side of our revenue. The lawyers who have created a cottage industry of challenging property tax assessments are really hitting Madison County right now and we are not exempt. The most recent challenge we have received is on the medical arts building on Flax Dr. They spent \$200K on the property, spent \$1.5 million on the building in 2017, it is assessed at \$546K (roughly 1/3 of what they spent building it in 2017). They are claiming it should be assessed at \$243K, less than half. Raise your hand if you think their building decreased in value since 2017! This is ridiculous but they put us and the schools in a position where we have to spend money to counter this ridiculous claim. We are seeing these claims from both medical providers (HSHS and Anderson) and from several commercial property owners. The lawyers file these on a contingency with their fee being a portion of whatever they save the owner on taxes. If our average employee costs \$70K with salary and benefits, we have lost at least a full position in property tax revenue to this racket in the last few years. What really angers me is that the commercial property owners engaging in this activity actually push more of the burden onto the homeowners, it's really bad public policy.
- **Revenue reports for October:** This is the half-way point of our budget year. So all revenues should be at least at 50% of budget. And as a reminder, we reduced our estimates of growth back to a little under 2% per year to reflect the average

rates of growth prior to the pandemic and revenue changes. If we are close to our budgeted amounts, that means the data we used to guess the growth is correct and we have returned to normal.

- Telecom: \$9,572.29 for the month, and at 60% of budget, so it is not dropping quite as fast as we expected.
- Use Tax: \$30,677.76 for the month, and at 49% of budget.
- Income Tax: \$161,163.02 for the month, and at 63% of budget. This has been the bright spot, we didn't anticipate the low unemployment and higher wage tax collections.
- Gaming: \$17,328.93 for the month. 58% of budget. We anticipated this one dropping somewhat because the growth numbers last year were so crazy high, but while it has not dropped, it also has not grown as we are seeing this one stay stagnate with last year's collections.
- Non Home Rule: \$158,270.52 for the month, and we are at 65% of budget. This is good because it is making up for the difference between the increased costs of MFT materials and the MFT revenues.
- Business District: \$69,424.33 for the month and we are at 60% of budget.
- Sales: \$290,127.98 for the month, and this is right on at 50% of the budget.
- **Utility billing:** We saw an uptick in delinquent accounts this month. 197 accounts in the first cycle and 245 in the second cycle. Fortunately the past due amounts aren't out of line with about \$130K past due; and \$230K in total amounts due on those accounts, this is pretty average. However, this is an increase of about 100 accounts total for the month above the average. Something to watch going forward. We did get payments from all but 14 accounts (which is also normal once the door hangers go out).
- **Sales tax comparisons:** I had Mallard put together an updated list of sales tax comparisons for the BDT discussion. This is a mix of 3 Home-Rule communities and 3 non-home rule communities. They are as follows:
 - Edwardsville: 7.10% regular and 8.1% in the Business district
 - O'Fallon: 8.35% and 9.35% in the BD
 - Fairview Heights: 8.35% and 8.85% in the BD
 - Shiloh: 7.35% and 8.35% in the BD
 - Troy: 6.85% and 7.85% in the BD
 - Swansea: 7.85% and 8.85% in the BD
 - Highland: 7.85% and 8.35% in the BD (Current; proposed would increase BD to 8.85%)

New Business:

Approval of Game Yard e-Commerce Grant Payment for \$500.00

Marshall Rinderer made a motion to approve the e-Commerce grant payment for \$500.00 to the Game Yard; seconded by Diane Korte-Lindsey, All members voted by roll call aye; none voted no; the motion carried.

Recommendation on Business District Agreement with Korte Meat Processing

Diane Korte-Lindsey made a motion to approve the incentive agreement for Korte Meat Processing; seconded by Marshall Rinderer, All members voted by roll call aye; none voted no; the motion carried.

Next Meeting:

The next regular meeting of the Industrial Development Commission is scheduled for Wednesday, December 7, 2022.

Adjournment

Diane Korte-Lindsey made a motion to adjourn; seconded by Marshall Rinderer. All members voted aye and the meeting adjourned at 12:57 PM.