

**HIGHLAND, ILLINOIS  
MINUTES OF REGULAR SESSION  
INDUSTRIAL DEVELOPMENT COMMISSION  
CITY HALL, 1115 BROADWAY  
WEDNESDAY, JULY 3, 2024  
12:00 PM**

**Call to Order:**

The July 3, 2024, meeting of the Industrial Development Commission was called to order at 12:03 PM by Vice-Chairman Diane Korte-Lindsey. The Pledge of Allegiance to the Flag was recited.

**Roll Call:**

Members present: Vice-Chairman Diane Korte-Lindsey, Josh Kloss, Marshall Rinderer, and Kurt Vonder Haar

Members absent: Chairman Jim Meridith

Also present: Mayor Kevin Hemann, Director of Economic Development Mallord Hubbard; University of Illinois Intern Easton Rosen; Lana Hediger, and Recording Secretary Chris Flake.

**Approval of Minutes:**

Marshall Rinderer made a motion to approve the minutes of the June 5, 2024, Regular Session meeting of the Industrial Development Commission; seconded by Josh Kloss. All members present voted aye; none voted no; the motion carried.

**Reports:**

**Treasurer's Report – Prepared by Director of Finance Reanna Ohren**

Mallord Hubbard stated that he was unable to obtain a treasurer's report from Director of Finance Reanna Ohren, due to her being on vacation this week. He stated that the fund remains relatively unchanged since last meeting.

**Updates on Developments and other City Projects – Mallord Hubbard**

Mallord stated that the Combined Planning and Zoning Board, may have a few items coming soon. There may be an applicant for the old TMCI building. Mallord stated that they will be seeing an application for a solar farm. Grandview Farms will be coming to the city for the phase 2 of their solar farm project. Diane Korte-Lindsey asked Mallord if the solar farms provided a benefit to the city. Mallord stated that there are some benefits from a city standpoint, however Dan Cook would be better to answer that question.

Mallord stated that the council chambers are still being renovated. There is some termite damage in one of the structural beams. We are unsure if it will affect the date of when we open the council chambers to the public.

Mallord stated that the city is making progress with the Sunny Tut project. Tut does not plan on breaking ground until next year, however we do not want to delay his process so we are working with him to make the process run smoothly.

Mallord stated that Five Below is moving forward as planned and they are looking at a fall opening.

Mallord stated that Diversified Services plans on building later this year. We will see some movement on this project located at 904 Beech Street.

Mallord stated that he and City Manager Chris Conrad met with an individual about moving a manufacturing plant to town. The business takes recycled materials and manufactures countertops. We were able to show him several buildings and properties that may benefit this company. The developer is looking for a manufacturing plant anywhere from 10,000 to 20,000 square feet.

Mallord stated there are several businesses that have reached out recently in reference to the City of Highland's façade program. One business owner told him that she had recently seen some work on a business near her and she wants to keep up with the other businesses.

Mallord stated that the city was asked to assist in a business roundtable, so we are meeting with several businesses next Monday. He stated that the roundtable will consist of the businesses around the square. We will get together with the businesses to see what has worked well for the square, but also we want to know what has been an impediment for the square. We are hoping to get the businesses to be on the same page and hopefully do a better job of promoting each other's businesses.

#### **Update on Highland Communication Services – Mallord Hubbard**

Mallord stated that he does not have an update on HCS. HCS is working on expanding their services to the neighborhoods. Mayor Hemann stated that the HCS customer base continues to rise and that they just surpassed their record number of customers. Mayor Hemann stated that customers are utilizing our internet service because it is fast. Mallord stated that HCS recently received an increase in their speed of service. Josh Kloss stated that Alhambra and Grantfork are running fiber to the south end of their towns.

#### **Update on Workforce Development Initiatives – Mallord Hubbard**

Mallord stated that there was a nice write up of a student in the Highland CEO program. The article highlighted the student and the positive impact that the program had on her. The program gave the student confidence. Mallord stated that this is a program that he believes we should continue to support.

#### **New Business:**

#### **Report On Monthly Tax Revenues – Mayor Kevin Hemann**

Mayor Hemann stated that City Manager Chris Conrad could not make this meeting, so he was going to read Conrad's notes on the city's revenues. Below are the notes that Mayor Hemann read:

- **Sales Tax:** This is our largest unrestricted revenue source and is vital to our operations in Police, Parks, Fire and Streets. This is also the one that will be impacted by the State's decision to suspend the grocery tax. That impact will likely be about \$330,000.00 a year, which will be about 9% of our revenue from this source. (We collect about \$3.57 million a year) This would go into effect in January of 2026.
  - **We finished last fiscal year up about 6%.** We had a nice strong finish to the year with our April collections up about \$25K over the same month the previous year. This was great news since we had finished the previous FY with only 2.7% growth.
  - This also helped raise our 10 year average of percentage growth from 3.5% to 4.16%. This is the best 10 year average in the history of the data I have access to which goes back to 2010. The ten year average has been aided drastically by auto sales (both volume of sales and price of new cars) with FY 21-22 raising 13.84%. If you remember, we were coming out of a period where people couldn't get cars, so there was a lot of pent up demand. We've never seen that kind of growth before and I don't expect it to be replicated. Even though the 10 year average of 4.16% is not enough to offset the increases in inflation costs we have seen, I'm extremely happy with these numbers.
  - So far in this fiscal year, we saw May's collection at \$266,598.23 and June's collection at \$318,660.15. Both are above last year's numbers for those months. So sales tax is trending the right direction.
  
- **Non-Home Rule sales tax:** This is our largest restricted revenue source and is used for water/sewer/streets and sidewalks. It is not geographically limited and can be spent anywhere in town. It pays the bonds on the peripheral route, has bought needed right of ways, and paid for upgrades to our water and sewer mains.
  - **We finished last year up nearly 5%,** which was about \$90,000.00 for the year (\$2 million). Again, we were aided by strong collections in April.
  - The 10 year average on this one has raised to 4.34%, again this was aided by an unbelievable FY 21-22 (24% increase), otherwise this growth would be closer to about 2.75%.
  - So far this FY, we saw May's collections at \$146,781.38 and June at \$166,934.74. Both are up over last year's numbers for those months, so that is encouraging as well.
  - We took on an additional obligation last year with the Ernst option contract for the southern peripheral route ROW. So in this year's budget we had opted to pause additional ROW purchases until we knew we had enough cash on hand for that option contract and to pay our

(hopefully) 50% of the southern Poplar Street project in front of the new school. We appear to be on track for that with the growth we are seeing in this revenue source.

- **Business District Tax:** This is our second largest restricted revenue source and can be spent on infrastructure and economic development **within the geographic boundaries of the district**. We increased this tax rate from .5% last year to a full 1% which we started seeing those increases in October of last year, which was the halfway point of the FY, so a 50% increase would equal no growth in the collections.
  - We saw an overall growth of 61% in the total collections which equals about 6% growth in this category (6% growth on previous collections plus growth on the new 50%). So this is tracking with the sales tax and Non-Home Rule sales tax growth. **(This totaled \$1.3 million)**
  - So far this year we saw May collections at \$125,554.35 and June at \$143,810.96. **This is about 6% growth over last year.**
  - This money is being used to pay for the Cypress, Pine and Laurel Streets; some deferred maintenance projects at the KRC and WCC; and is paying the debt service on both the PSB and City hall projects. We have allocated very little of these monies to economic development as we have so many outstanding deferred maintenance projects within the district.
- **Income Tax:** So this is our second largest source of unrestricted revenue and comes to us in the form of the local government disbursement fund based on our population.
  - **We finished last year at 1.32% growth**, which was an increase of about \$20,000.00. (\$1,635,672.45).
  - Income tax receipts have been historically fickle. In the past 10 years we have seen both double digit (percentage) drops and double digit percentage increases year after year. This one is primarily impacted by state policy. If there is an increase or decrease in state income tax rates, what we get changes; if there are changes in the percentages that goes to the LGDF, what we collect changes. All in all it is trending the right way, we are collecting about \$200,000 more this year than we did in FY 21-22.
  - It continues to be fickle in the collections this FY, May we collected \$267,370.39 which was an 11% increase over May of last year; and in June we collected \$114,590.79, which was a 1.6% increase over last June. I tend to use this revenue source as a bit of a barometer for how we are doing as an economy since it is tied to wages. So any increase is a good sign.

- **Use tax:** This one is also rather fickle. It is a tax on goods and services purchased from out of state for use in State. So think of buying a car or boat in Missouri and titling it in IL; or buying something online from a site that does not charge sales tax, those items get caught in the use tax trap. Some call it corporate tax because corporations pay this a lot more than individuals because individuals have to self-report. This is an unrestricted source of revenue.
  - **We finished last year down about 6%** (\$381,634.89). This was after growing about 6.4% the year before, so this revenue stream is within a thousand dollars of where it was in FY 21-22.
  - It doesn't pay for a lot, but this is a nice gap filler with it being unrestricted.
- **Telecom/Excise Tax:** This is also an unrestricted revenue source. Not much to say here, it is tied to landline phone lines which are going the way of the dinosaur. We collected \$115,024.24 last year **which was down 9.21% from the year before.** This one has been trending downward for about 20 years from a collection of nearly \$500K to what it is now. So those losses have been made up with the other unrestricted sources.
- **Gaming:** This one is pretty telling of where we are with gaming. We finished last year at \$216,081.66, this was down about \$4,000.00 from the year before, and even about \$1,000.00 down from 2 years ago. I think that pretty well tells us we have saturated the market in Highland since we have seen 3 straight years of almost completely flat receipts. I don't anticipate growth in this revenue source, I think we have tapped it out.
- **Cannabis:** This is an unrestricted source of revenue, but only generates about \$15,000.00 a year. This is the tax collected by the state from cannabis sales across the state and is then a small portion is passed out to the communities that do not have either retail or grow licenses in their communities.

Mayor Hemann stated that it is mostly on the positive side. He stated that the city would have to weigh their options in regards to reinstating the grocery tax and that the city council will be presented with several options and will decide on how to proceed.

Mayor Hemann stated that they have been meeting with all of the departments within the city. They show these numbers to the respective departments, to show them how it affects them and also how the city spends their money.

Lana Hediger mentioned that the income tax is distributed to communities based upon population. Currently it is at 6.6%. Mayor Hemann stated that there are lobbying days in Springfield and that they have been lobbying to get that increased.

Marshall Rinderer asked if the city has to pass a 1% grocery sales tax or can they pass a .5% grocery sales tax. Mallord stated that he believes there will be options for different increments.

Josh Kloss asked Diane Korte-Lindsey how the housing market was doing in Highland. She stated that there are approximately 30 houses for sale. Mayor Hemann stated that he thinks the market is still strong, even with the rise in interest rates.

**Next Meeting:**

The next meeting of the Industrial Development Commission is scheduled for Wednesday, August 7, 2024.

Kurt Vonder Haar stated that Kenny Wallace won a heat race this past weekend. Wallace made a really nice comment on a popular racing broadcast, stating that Highland's race track was outstanding.

**Adjournment**

Kurt Vonder Haar made a motion to adjourn. Seconded by Marshall Rinderer. All members present voted aye; none voted no; the motion carried.