

**MINUTES OF SPECIAL SESSION
HIGHLAND CITY COUNCIL
TUESDAY, SEPTEMBER 5, 2017**

Mayor Michaelis called the Special Session to order at 5:30pm. Council members Schwarz, Frey, Bellm and Nicolaides were present. Others in attendance were City Manager Mark Latham, City Attorney Michael McGinley, Asst. City Manager Peck; Directors Bell and Korte, EMS Chief Wilson and Fire Chief Bloemker, 19 members of Highland Fire, Police, and EMS, Deputy City Clerk Hediger, City Clerk Bellm, Keith Moran of Moran Economic Development, 21 citizens and 2 members of the news media.

Mayor Michaelis explained the purpose of the public hearing and process, and swore in all citizens present that may speak on one of the items on the agenda.

Keith Moran, of Moran Economic Development, introduced himself and explained what his firm does. Mr. Moran stated we are going to be talking about three different business districts within Highland. Business District A is more of the commercial corridor of the city. I am going to talk, in general, about the intent of business districts. Business districts allow a city to increase sales tax by up to 1%, in quarter-percent increments. If we use a \$20.00 bill. If you go to a restaurant, it is \$21.57 now and that would go to \$21.77. The difference in funds gets spent back in the district that it is generated within. The business district program is not new to the area. Alton, Brighton, Belleville (has 5), Edwardsville (3), Glen Carbon (3), Shiloh, Troy, Wood River, and East Alton, all have them. They are designed to generate funds to improve any number of issues within the districts within these communities. This tax rate puts us right in the middle of the road. In Collinsville, most places, not every place, has a tax rate of 9.1-9.6%; within New Baden, 8.85%; and, within Edwardsville, 8.1%. We would be right in the middle of the road. Even without business district tax, there are places lower than Highland, presently.

What it does not affect is anything licensed in State of Illinois, such as boat, motorcycle, and automotive sales. In terms of creating a negative situation, those sales tax generators are still going to be on level playing field. Anything prescription drug related or medical equipment are not. Grocery sales on food product to be prepared at home, such as deli meat, stove top stuffing and meats are not included. However, the beer and soda sales would be. I know there is a big issue with the term "blight". Blight to everyone means something different. Based upon the terminology on the internet, "blight" means abandon and severely in need of repair. Some may think that graffiti is a sign of blight. Defined by the State of Illinois for TIF statute blight means something different than it does for business districts. For business district purposes, under the Illinois statute, "blighted area" is defined as 'an area by reason of the predominance of defective, non-existent, or inadequate street layout, unsanitary or unsafe conditions, deterioration of site improvements, improper subdivision or obsolete platting, or the existence of conditions which endanger life or property by fire or other causes, or any combination of those factors, retards the provision of housing accommodations or constitutes an economic or social liability, and economic underutilization of the area, or a menace to the public health, safety, morals, or welfare.' A mouth full, I know. In this area, we found enough places – half dozen times - where improper plating occurred, so that is how that qualified, as blighted. In truth, this is in no way blighted under the

definition provided for TIF (Tax Incremental Finance) districts. The definition for business districts is much easier to meet the requirements under TIF. It is not an insult, but we do have a deterioration of site improvements in primary and secondary structures. If we look at in parcel-by-parcel basis, 63% do show some form of deterioration. Some are surface issues with curb and gutter, sidewalks, and parking lots cracking, falling apart. There is aging infrastructure with water and sewer lines in this area that are 60-80 years old. So, we do have things that are endangering our property by fire. We do have obsolete property plating with odd shaped property lot lines that make it hard to develop or fully utilize the property. Of the 250 parcels, in this area, it experienced a loss of over \$1.7M in EAV (Equalized Assessed Valuation). Schools, townships and the county are impacted when EAV declines. When EAV decline, it makes it difficult for communities and townships to pay for necessary services. These are issues to be dealt with by using business district funds. The monies could be used to upgrade water and sewer lines in the area, in addition to a public safety, flooding issues, streets, curb and gutter, and sidewalk infrastructure. You have to read the definitions presented under statute and see if it meets it.

Public Hearing is to Receive Comments on the Proposed Business Development District A – Gerald Sparlin, 203 Washington St., expressed concern that this is too big for 4-5 people to decide. It is too much power to give to a few. All of this is going towards a police station. What is going to happen to our streets and sidewalks? \$750,000 for a public safety budget. Mr. Moran pointed out that with projections of just over \$1M per year, the additional amount could be used for other streets, sidewalks and other infrastructure. Public Safety Director Terry Bell pointed out the amount is actually \$990,000 per year. Mr. Moran noted these funds free up other funding in the present revenue streams. Mr. Sparlin pointed out, for the first twenty years, all we are going to do is paying for a new police department.

Mayor Michaelis stated, on the agenda, for the council meeting tonight, is a discussion regarding the proposed business districts. I am going to bring up a fourth option.

Kevin Limestall, 1108 8th Street, stated as a former city employee I helped develop the original business district plan. What concerns me is that we are including the hospital. The hospital project was in TIF district, which we spent money to create, and we spent considerable amount on the hospital project. We were lead to believe that businesses around the hospital would develop and we would benefit from that. That has never happened. I would like to see a letter sent to hospital saying we made a good faith effort, but we have not received anything from your side. I believe the new 9-1-1 tax would bring funds in the future. Mr. Moran explained, as far as including the hospital in this, consideration was given to where the public safety facility was going to be located and where the corporate boundaries are.

With no further comment brought forth on Business District A, Mayor Michaelis swore in those that stood up to show they may want to speak regarding Business District B, at 5:55pm.

Public Hearing is to Receive Comments on the Proposed Business Development District B – Keith Moran, of Moran Economic Development, stated a lot of these things were identified to achieve or address, in this area, were identified in the city's comprehensive plan. The area is blighted. Mr. Moran again read the definition of "Blighted Area" as defined by Illinois Municipal code 65 ILCS 5/11-74.3 "Illinois Business Districts Act". That is the standard; that what we look at to see if this area qualifies. In this area, 68% of 464 structures in this area show notable defects in structural components. 66% suffer from surface improvements. Mr. Moran pointed out that, in this area, it is less about the streets and more about the allies and parking lots. This is especially true in western and northern areas of this district. We have utility deterioration with water and sewer piping, with cast iron pipe from 1920's serving the main thoroughfares. Here, as in Business District A, there is a threat of property by fire, and additionally, due to the businesses that are located tightly along other buildings, in addition to the older piping. We also have improper subdivision platting. Areas that were formally used for industrial that are now being used

for residential; and, areas once residential that now have commercial uses. With that comes parking issues with the mixed-use areas and truck routes. There are the same issues all over the State of Illinois in downtown areas, but all of it applies under this Illinois statute. Mr. Moran reported we have had EAV decline here. Some social liabilities with income and revenue declining within these areas. With business district revenue, in this area, you could expand to a façade improvement program, and use money to restore historic businesses and structures, incorporated landscaping design and maintain public parking areas for this area. This is how it qualifies and what they can use the monies for this area.

Mike Gilomen, 518 Broadway, stated he is on the boundary line of Business District B. If we believe the money would actually be used, for the existing issues, we would be more open to this. However, this is such a large chunk of money being spent on public safety facility, I am not sure that we will get to addressing issues that exist in the area. This building (City Hall) is a prime example of rushing into something. Right now, we do not have enough money. My corner of town does have a serious need to spend money on storm sewer. The map, for this district, left some prime businesses out with this district. The definition of blight, we do not have, but we do have old water and sewer mains. IF we are going to spend it on public safety facility where is the money going to come for the true issues. He suggested amending the property lines to the existing business district versus making whole changes.

Hearing no further comments being brought forth regarding Business District B, Mayor Michaelis asked for those wishing to speak, or may be wanting to speak regarding Business District C, to stand and be sworn in at 6:05pm.

Public Hearing is to Receive Comments on the Proposed Business Development District C – Mr. Keith Moran, of Moran Economic Development, explained this is the far northwestern area of the community, around Frank Watson Parkway and Sportsman Road. In this area, we have non-existent street platting. This area has non-existent interior roadway structure. Bringing in any developer along that area is going to take a lot of money to make improvements to interior roadways presently do not exist. Improper subdivision platting does exist with numerous property parcels that will need re-platting with different lines to make them developable for full use. We are not saying streets are falling apart, in this area. Issues are lack of streets and platting. In terms of economic liability, this area is not growing at the same rate as the rest of the city. Predominately this area is economically underutilized. Suggest use for business district funds in this area would be to promote and attract businesses to area. There is concern from residents about what the area is going to be used for. As the area is developed, you would want to eliminate open drainage areas and improve infrastructure, as well as signage along Frank Watson Parkway.

Kevin Limestall, 1108 8th Street, asked, once this becomes reality, how will this affect the ISO rating for fire department? Will it affect property taxes for those living within this area? So if I were a residential developer, I could come to the city and ask for money to develop in these areas? Mr. Limestall asked why rush it. Hold open public meetings to go over this more in depth. No one wants to pay more taxes. Mr. Moran responded ISO ratings are completely separate from this and any business district plan put into place. The council has 90 days from today to pass any one of the business districts, so you do have time for additional meetings. Or, you could have another public hearing to extend the date.

Barbara Heim, 35A Auburn Court, stated it would have been nice to have a map put up and agendas spread around. She stated tax increases should be put to the voters to decide.

Wayne Steiner, 35 Meadowlark Lane, stated Mr. Limestall is right; no one wants to pay more taxes. Four council members is a small group to make that decision for the city. I think it is extremely important the city not stand still on this. Streets and sewers are expensive things. We have had flooding in this town. Mike Gilomen added the last project fell short of what it should have been done. Mr.

Steiner asked what the cost of new proposed public safety facility is. Director Bell replied \$14M. Mr. Steiner stated I guarantee the cost will more than that if we wait 10-15 years. I do not have the answer, but I do support the city and the city council in trying to work this out. While I heard Mayor Michaelis say he was going to present a fourth option, I would hope you have the “golden goose”. Don’t kick the can down the road, like someone else. That man is Mike Madigan and he lives up in Chicago. Don’t kick it down the road.

Donald Wagner stated I do not have a business in any of these zones. I am on the paying end of it. If I were to vote, with what I was presented today, there is no way I could vote on it. The amount of money is going to be a drop in the bucket compared to what is need for this facility. To have areas of a community blighted to get this “back door”, is wrong. I think if you just increase sales tax to raise some funds. Mayor Michaelis asked for clarification that the council did not declare these areas as blighted. The council asked for a study to see if we qualified with the state statue for Illinois Business Districts. Mr. Moran stated we knew the areas would not meet what people generally think of as blight. However, under the states statue only for this business district programs, it fits the statue. We are not the only community. Other communities, which I read earlier, meet the same qualification. We went building by building and discussed them with city staff and engineers against the definition provided by the State of Illinois.

City Attorney Mike McGinley agree that “blight”, as defined in this Illinois Statue for the intent of qualifying for business districts, the state legislators used terms of art to make it readily applicable for communities to qualify. Mr. Moran agreed.

Mr. Wagner concluded by stating we are going to have a hard time saying to some developer, ‘Would you like to come to our blighted city.’

Councilwoman Bellm stated she was explaining this to someone else the other night. What we see as “blight” is totally different. It gives the connotation that we are going to hell in a hand basket. All these other communities are using this tool to raise funds. In order to do that, they used that same terminology in their application process. There are other communities on this side of the river that do meet what we believe “blight” is, and we are by no means like them. I know that it is meeting the standards of this statue. No one wants to pay more tax. I still consider myself a business owner. I would have one of those products that would be taxed at higher rate. It concerns me more is that we have to find the money to do some of these things. A year ago, we found a new demo fire truck that was \$700,000 and the council voted to buy the aerial fire truck. A week later, we came back and said we do not have the money for it. We try to save for it; however, there are times when we have to “bite the bullet” to go for it, because in five or ten years, it is going to cost more. So, we have to decide if we are going to kick the can down the road, or are we going to bit the bullet. We do have to be extremely responsible in how we spend the funds, if we decide to do this. Whether we put this out to voters or not, we have to decide. If we wait for referendum, it is another year, and then another six months after that until we start collecting funds. Again, that is just putting this off and kicking it down the road. We said, we need to do it, then we need to do it now. Wait another year and a half is kicking it down the road with higher costs. We need to do some things; this is the only way we have figured out a way to do this. I do not want to pay more taxes, but if I have to, to make sure how Highland continues to grow, I will.

Councilman Frey stated we are all on the same page. I have been here for five years. In that time, we have worked on sewer lines and water lines. We have to continue to do that. We have done a lot of work on roadways and sidewalks and continue to do so. Whether we spend the money on fire trucks or public safety facilities, the money needs to come from somewhere. I own a number of properties that are going to get caught up in the FEMA mapping for floodplains, just as many other business are. I am here to listen to what you have to say.

Councilwoman Bellm made a motion to adjourn; seconded by Councilman Frey. All council members voted aye, none nay. Motion carried and meeting adjourned at 6:37pm.

Joseph Michaelis, Mayor

Barbara Bellm, City Clerk