

**MINUTES OF REGULAR SESSION
HIGHLAND CITY COUNCIL
MONDAY, SEPTEMBER 18, 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, Korte, Schoeck and Rosen, EMS Chief Wilson, Fire Chief Bloemker, 23 members of Highland Police/Fire/EMS, Deputy City Clerk Hediger, and City Clerk Bellm; Library Director Kim, Keith Moran, of Moran Economic Development, 21 citizens and one member of the news media.

MINUTES

Councilman Schwarz made a motion to approve the minutes of the September 5, 2017 Special Session as attached; seconded by Councilwoman Bellm. Roll Call Vote: Frey, Bellm and Nicolaides voted aye, none nay. Councilman Schwarz abstained. Motion carried.

Councilwoman Bellm made a motion to approve the minutes of the September 5, 2017 Regular Session as attached; seconded by Councilman Schwarz. Roll Call Vote: Schwarz, Frey, Bellm and Nicolaides voted aye, none nay. Motion carried.

PUBLIC FORUM

Citizens' Requests and Comments:

2017 Veterans' Day Parade and Square Use Request – Lenny Gall, along with Kenny Kapp and Joe Kapp, of Moose Lodge #2479, were present to requested permission to hold the Veterans' Day Parade, on Sunday, November 12, 2017, which the lodge will be sponsoring. They are inviting all V.F.W. Post #5694 and American Legion Post #439 members, along with all area veterans to attend. The parade will start at 2:00pm, at the intersection of Olive and Main, and then proceed west on Main Street to the Square. Mr. Gall stated the parade is being held in conjunction with National Veterans' Awareness Week, which is November 5 – 11, 2017. We would asked that Mayor Michaelis designate the week before, Nov 5-11, as such and present the proclamation for this at the ceremony following the parade. Councilman Schwarz made a motion to grant permission for the Veterans' Day Parade to be held on Sunday, November 12, 2017 and use of the Square for presentations as requested; seconded by Councilwoman Bellm. Roll Call Vote: Schwarz, Frey, Bellm and Nicolaides voted aye, none nay. Motion carried.

Steve Kloss, owner of Tin Shed/Kloss Furniture stated I have been doing this business for forty-four year. Retail is much tougher today. Customers are smarter. Perception is everything. We do not want people to think we are too expensive to shop here. I talked to Aviston Lumber and several builders. If the sales tax goes to that rate, they start shopping in Breese, Aviston and on Amazon. They are close to 2% less sales tax already then Highland. What retail business can I start today? I was fortunate enough

to start when I was eighteen years old in business. When talk about almost a 9% tax rate that can be significant. I had a tire that I needed for my lawn mower. I tried to find it locally, but I could not get it. Therefore, I went on line, and had the tire shipped to my house. I tried. But, I did not have to pay sales tax. We track sales and customers. Sixty-five percent of our sales come from outside of Highland; 35%, Highland residents. Sales tax rates in Troy are 6.85%. At our O'Fallon location, it is 7.85%. We have customers that pay for orders in different stores, to save on the sales tax. Aviston Lumber can run orders through a different location to serve customers. There are a lot of retailers that will not come back to Highland to shop.

Mayor Michaelis informed those in attendance, when I introduce the motions later, it is the council's time for discussion. If you want to discuss anything, now is the time.

Requests of Council:

No comments or requests were made.

Staff Reports:

City Manager Latham reported construction on Sportsman Road repairs started today. That section of Sportsman Road will be totally closed to traffic until the project is complete. The contractor has thirty days to complete the project.

Our Water Reclamation Facility was nominated for Plant of The Year, once again. We are hoping to finally bring the award home this year.

NEW BUSINESS

Approve Mayor's Appointment to Parks & Recreation Advisory Commission – Councilwoman Bellm made a motion to approve the mayor's appointment of Heather Warren to the Parks & Recreation Advisory Commission, for a three-year term, to expire July 31, 2020 as attached; seconded by Councilman Schwarz. Roll Call Vote: Schwarz, Frey, Bellm and Nicolaides voted aye, none nay. Motion carried.

Bill #17-92/ORDINANCE Adopting Business District Development Plan A – Councilman Schwarz made a motion to approve Bill #17-92/Ordinance #2807 adopting Business District Development Plan A as attached; seconded by Councilwoman Bellm.

Councilwoman Bellm stated I am anxious to hear from other council members. I have some concerns. I asked last week what the debt service is for \$14M building, and I was told that would be about \$1M per year. It puts the cost of a new facility at \$23M, not \$14M. Part of the concern is that we have no guarantee that a 1% sales tax would generate \$1M per year. If it did not, then we would be in a deeper hole than we are now. I was over at Fairview Heights, a few days ago. I thought, if that is there in ten years, I will be surprised. While I no longer have brick and mortar store, I still consider retailers. While sixty-five percent of shoppers come in from out of town, they are helping to pay our needs. However, we need retail. We have to find another way. I am not saying we do not need a better facility and improvements to other facilities, but we have to find a better way. Online shopping is changing everything. We cannot afford to lose businesses. Sales tax revenues could actually drop if we do this. I cannot in good conscious commit to the debt. IF we did a sales tax increase, people want to know how we are going to spend the additional revenues. Most people are not opposed to a better facility or improvements to what we have. However, with so many needs, is there a better way to spend all those funds? We need established percentages on how to spend the money. This council changes, so different

councils can have different viewpoints. I do not like the idea of Band-Aids and temporary fixes, because they end up being more costly.

If I have a hole in my roof and I keep patching the holes as they arise. It ends up costing more. I do not like the idea of postponing. If we take it to a referendum, we lose a whole year or longer to get funding generated. I do not want to kick it down the road to another council. That is not why I am here. We are here to make a decision. We have to look for a solution to a facility that will support us for another 50 years down the road. The police department that we have today, that building was supposed to be temporary. The original department was a scary area to get to, downstairs with the fire department. The police station we have was to be temporary, but here we are thirty years later with twice the staff it was meant to hold. I do not want people to think we are trying to back door a business district. As council member, I look at it one way; as retailer, another way. While I personally think it is going to cost us to postpone, I fear that is the only viable solution. I keep hearing this is too big of a decision for four people to make. Well, is that not what you all voted for us to do? After arguing with myself, I have a couple of proposals; however, I would like to hear what other members have to say.

Councilman Frey stated I received many emails and in-person comments. It is a tough issue. I will not vote for the \$14M facility. However, I do think we need a good renovation and expansion of our facilities. We need more room, more equipment, and to get facilities up to federal standards. I really want to get going on our water lines. There are old town streets, sidewalks and curbing that need attention. How are we going to raise the money? I think sales tax is going to be the only way, but in a smaller scale. Unless we get new business in, retail numbers could drop. Small businesses are the staple of our economy. At this time, I would not vote for a 1% sales tax. I have no problem with setting up the business districts, because we have spent the money to do that work. A few people expressed concern that we would continue to raise sales tax. He clarified that by state law we cannot increase the tax rate for 23 years. We need to be competitive for the next 23 years.

Councilman Schwarz stated I agree with a lot of what Rick said. It is clear we are going to need to raise money in some capacity, whether the funds are used for a new facility or revamping existing. A lot of public safety services are used by those who do not live here. So, it would be the best option for the residents of Highland, since others from the outside would be contributing. We have a building right here downtown that is vacant. I am not sure of the costs. We need to explore all the options. What is the percentage of sales tax to vote on? Is it 0.25% or 1%. I do disagree with Rick on putting the business districts into place without the sales tax. I have questioned why have them. Councilman Schwarz proposed looking at one and trying it as a test area. He expressed concern about applying the taxes to businesses that go out for bid on "big ticket" sale items, such as R.P. Lumber, Aviston Lumber, and Kloss Furniture. They do work on bid projects and it is a disadvantage. Do we need to go out for referendum to understand how the public feels? Some are for it; some are opposed. I do feel some sales tax of some kind would be needed; however, we need to look at the zoning and do better planning to know the appropriate amount and where. I do not see how it is going to help us to put the business districts into place without implementing a tax. Councilwoman Bellm asked for clarification that the business districts have to be put into place within 90-days from the public hearing. Keith Moran concurred it is ninety days. Councilwoman Bellm clarified if do not do in ninety days, and then we would have to redo the study, analysis and qualification documents. Mr. Moran replied yes.

Councilwoman Bellm stated she would like to amend the motion. If we can get together in ninety days and try to figure out what our priority is going to be and what those costs are going to be. We will have the Korte Rec Center bonds paid off, shortly. That would relieve just under \$250,000 in funds. The bottom line is that we cannot afford a \$14M shiny new facility. But, we need to find space, we need to fix the retaining wall in the back of the firehouse that is about to fall in; and, we need new equipment. If, in next ninety days, we can explain to people what we need and why, then we can get a better feel from the citizens. If they are still unsettled, then we send it to a referendum. We could vote in the business

districts and take sales tax to a referendum. If we vote it down, but decide in six months, this was our only option, then we would have to do everything over again. Councilwoman Bellm estimated the last council meeting, before the end of ninety days from the public hearings, to be November 20.

Councilman Schwarz asked can we run a smaller version of one of the business districts. Mr. Moran stated simply reducing the size of a district is not an issue. If you add to it, then we would have to redo the analysis and public hearing. Councilman Schwarz asked could we turn half of (Business District) A and half of C “on”? Mr. Moran replied yes. Councilwoman Bellm expressed, if you do that, then you defeat the purpose. How do you determine who is in and who is out, and make it fair? I do not want to be one to say Rural King is in, and R.P. Lumber is out. The reason for putting businesses in was to seek the revenue. Councilman Schwarz stated I would propose taking out the larger tickets businesses. Councilwoman Bellm responded that is not fair to smaller businesses. While the scale is smaller, it also does not achieve the purpose of why are doing this. Councilman Schwarz stated I am not going to drive to Edwardsville to get a candle, but a room of furniture, yes. Everyone is going to knee-jerk to a new tax. However, we have all come the realization that it is needed. I am looking at the least painful way. With that being said - It comes down to how much and what is the district. You talk about a fifty-year plan. There is no way to plan that far out. Twenty-five years ago, would you have seen online commerce like it is today? Councilwoman Bellm responded this building is thirty years old and in pretty good shape. Councilman Schwarz stated I would like to see what the cost would be to purchase and refurbish the SuperValu property. I would like to use a small area as a test for the tax area and the tax rate to see what the effects are. Councilwoman Bellm pointed out that tabling this, forces ourselves to really look at it. If we see it as the only way, then we can move forward at that time. Sales tax is far better than raising property taxes. Councilman Schwarz concurred. The users of the public safety services, whether resident or not, would be paying for it when shopping in the community.

Councilwoman Bellm noted that the November 20 meeting would be the last one before the closing of the ninety-day period from the public hearing held two weeks ago. Councilman Schwarz stated he would like to have a buffer of sometime between that and the closing date. Mayor Michaelis reported the first council meeting in November is November 6. Keith Moran reported the ninety-day closing date is December 4, 2017. Councilwoman Bellm made a motion to postpone this item until November 6 Regular Council Meeting; seconded by Councilman Schwarz. Roll Call Vote: Schwarz, Frey, Bellm and Nicolaidis voted aye, none nay. Motion carried. Item postponed.

Bill #17-93/ORDINANCE Adopting Business District Development Plan B – Councilman Schwarz made a motion to postpone Bill #17-93/Ordinance adopting Business District Development Plan B as attached until November 6 Regular Council Meeting; seconded by Councilwoman Bellm. Roll Call Vote: Schwarz, Frey, Bellm and Nicolaidis voted aye, none nay. Motion carried.

Bill #17-94/ORDINANCE Adopting Business District Development Plan C - Councilwoman Bellm postpone Bill #17-94/Ordinance adopting Business District Development Plan C to Nov 6; seconded by Councilman Schwarz. Roll Call Vote: Schwarz, Frey, Bellm and Nicolaidis voted aye, none nay. Motion carried.

Bill #17-95/ORDINANCE Setting Membership Fees for the Korte Recreation Center – Councilman Schwarz made a motion to approve Bill #17-95/Ordinance #2807 setting membership fees for the Korte Recreation Center as attached; seconded by Councilwoman Bellm. Councilman Schwarz asked how long it has been since we raised rates. Do we anticipate memberships dropping as a result? Director Rosen reported the last increase was in May 2016. We do lose some memberships, with renewals, that get an initial shock, but several come back, in time. New members do not bat an eye at it. Councilman Schwarz asked where we lose those people to. Director Rosen stated some go to the YMCA and others use private facilities. Councilman Schwarz asked how you arrived at the amount. Director

Rosen reported it is a combination of the budget and what other facilities are charging. We hope to put some funds aside for capital projects while covering our budget. Roll Call Vote: Schwarz, Frey, Bellm and Nicolaides voted aye, none nay. Motion carried.

REPORTS

Approve Warrant #1070 – Councilwoman Bellm made a motion to approve Warrant #1070 as attached; seconded by Councilman Schwarz. Roll Call Vote: Schwarz, Frey, Bellm and Nicolaides voted aye, none nay. Motion carried.

Councilman Schwarz made a motion to adjourn; seconded by Councilwoman Bellm. Roll Call Vote: Schwarz, Frey, Bellm, and Nicolaides voted aye, none nay. Motion carried. All council members voted aye, none nay. Motion carried and meeting adjourned at 7:52pm.

Joseph Michaelis, Mayor

Barbara Bellm, City Clerk