

ECONOMIC DEVELOPMENT COMMISSION

July 22, 2020

Red Bud City Hall

Mayor Tim Lowry called the meeting to order at 6 pm. Present were members Greg Birchler, Orvel Cox, Clem Esker, Warren Frank, Stuart Langrehr, Rodney Nevois, Mike Reed, Jonathan Tallman, and Shane Watson.

Financial Reports

Financial Reports were distributed in the packets; Mr. Esker reviewed the reports with the members and answered questions. On a motion by Birchler and second by Stallman the Reports were approved.

Enterprise Zone Update

Mayor Lowry reviewed the status of the Enterprise Zone project, reporting that final changes were being made before the plan is submitted.

TIF Feasibility Study Results - Keith Moran

Mr. Moran discussed with the members findings contained in the Eligibility Review that was distributed in the meeting packets. This review explored development of the new industrial park and funding that development through the creation of a TIF district. The findings and TIF organization strategies include:

1. There is a weak chance that an area limited to the geographic boundaries of the industrial park would qualify for TIF district approval.
2. Expanding the district to include East Market residences and downtown buildings would bring into the district sufficient older homes and buildings to improve the odds for qualification.
3. Resolving property tax distribution concerns -
 - A. Increased tax revenues generated in the industrial park area stay in the TIF fund for use in that area.
 - B. Increased taxes generated in the other (expansion) residential and business area are passed back to the local taxing entities, such as the school district.

There followed a series of questions from the Commission members and answers from Mr. Moran and Mayor Lowry:

Nevois - Where does the cost of infrastructure fall? How is that generated and repaid?

Moran - The TIF fund is only one part of the financial support.

Birchler - The first phase of the industrial park development is roughly estimated at \$1 Million. Where does that money come from?

Mayor Lowry - Some of those funds will become available from the power plant, some from loan repayments, some from other City funds, and maybe the State of Illinois. Ms. Poetker is exploring other funding. TIF funds would be used to replenish money that was taken from other

City funds. He also stated a bond issue is another option for funding industrial park development.

Birchler - Questioned taking money from other funds such as the Parks and repaying them. They also have ongoing and new projects.

Reed - The City Council and Mayor have in the past discussed establishing a TIF district for South Main Street to support infrastructure and business development. Could this TIF boundary be expanded to include that area?

Moran - That expansion could happen, or a second TIF district could be added at a later date.

Stallman - Will the City use fund reserves to initiate development of the project or borrow funds?

Mayor Lowry - The City may use some reserves to reduce borrowing.

Stallman - Would the City retain sufficient reserves to complete ongoing and other new projects?

Mayor Lowry - we would not change the budget and put a whole lot of money out there.

Esker - We are trying to stay ahead of needs and have property available if a business wants to buy and build on a lot. We need the infrastructure built to be ready.

Nevois - Has the project been phased into one, two, and three segments, and does the City have estimated costs for construction?

Mayor Lowry - That information is being collected.

Birchler - What is the success rate for and a comparison to other towns like Carlyle? Can that information be provided?

Moran - Other towns have made it work.

Nevois - What if the City reduces the Red area (Industrial Park), develops three lots using City funds, sell those, then roll the money over to build more infrastructure and sell a few more lots? And can we add new land to the TIF district Red area?

Moran - Adding land is possible, but less favorable for TIF district approval. And it could not be expanded after Phase 1 is developed.

Cox - Can we expand the Blue area (residential and business properties) to get a larger tax base?

Moran - We can, but the Square was a logical stopping point for this example. It can be adjusted.

Stallman - Would pass through tax moneys go to the local tax entities by fund?

Moran - The funds could pass through the City or the County.

Hanebutt (City Alderman, audience member) - Reminded the Commission members that 30 years ago the City took financial risks to initiate industrial park development and that our current tax base is significantly greater because of those decisions. Please keep that in mind.

Esker - School enrollment is pretty much the same as 25 years ago. Why is that?

Stallman - Enrollment has remained steady. There is no single reason for a lack of growth.

DeMond (City Alderman, audience member) - What about building housing for new residents, and adding children to the school population? This project would take tax dollars from the schools when the district would need those funds to accommodate the increased student enrollment.

Esker - These people shop in town, and buy cars for example. Those taxes add to the city surplus. He hopes that people do build and buy houses. We are fortunate to have industrial development; the City can no longer obtain funds from the State of Illinois for job and industrial development. TIF is an option.

Harbaugh (City Alderwoman, audience member) - People will say "putting my house in a TIF district, calling it blighted, what happens to my home value?"

Moran - This is not an issue. Development of a new industrial park will add value to homes in town.

East Industrial Park

- A. Development, and B. Funding - Mayor Lowry stated that these items were covered in our previous discussion.
- C. Contract with Rhutasel - We continue to work on this with Rhutasel.
- D. Signage - We continue to research and explore options for new and improved signage.

Esker - Reported that the City continues to receive so many inquiries but the City cannot respond because the industrial park expansion is not ready to go. Our existing manufacturers generate interest from their partner industries who would like to locate in Red Bud.

There being no further business Mayor Lowry called for a motion to adjourn. Motion made by Frank, seconded by Langrehr. Motion carried.

Respectfully submitted,

Mike Reed