

PURSUANT TO THE OPEN MEETINGS ACT, notice is hereby given that the Salem City Council will meet in workshop session on Tuesday, July 28, 2016 at 6:00 p.m. in the Council Chambers of Salem City Hal to discuss TIF Districts. No action will be taken.

CITY OF SALEM, ILLINOIS

Bev Quinn, CMC
City Clerk
Dated this 22nd day of July, 2015.

**MINUTES
CITY OF SALEM
SPECIAL MEETING – TIF WORKSHOP
JULY 28, 2015**

The City of Salem City Council met in Special Session (workshop) for the purpose of discussing the TIF Districts, with special emphasis on the Downtown TIF (TIF #3) on Tuesday, July 28th at 6:00 p.m. in the Council Chambers of Salem City Hall.

Council Members Present:

Councilman Jim Baity
Councilman Nic Farley
Councilman Craig Morton
Councilwoman Sue Morgan
Mayor Rex Barbee

City Staff Present:

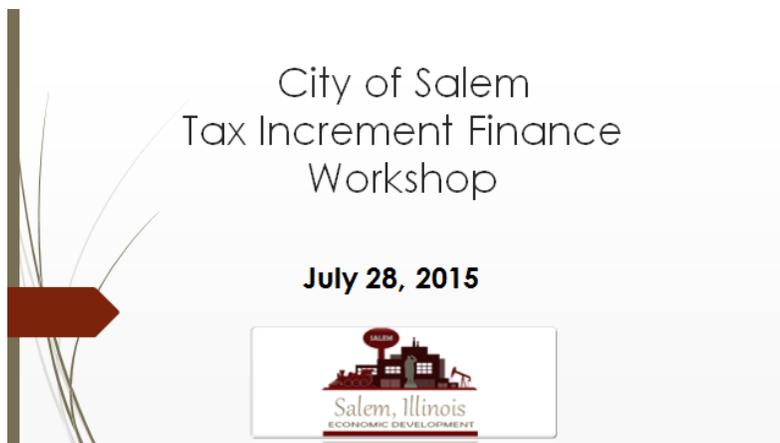
City Manager Bill Gruen
City Clerk Bev Quinn
Finance Director Ben Stratemeyer
Economic Development Director Jeanne Gustafson
Administrative Assistant Cindy Eller

Others Present:

Leon Chapman
Josh Lusch
Jeannell Charman
Jeff Morgan
Sheila Strong
John Raymer
Bruce Kropp, WBJD Radio
Dennis Rosenberger, Salem Times-Commoner

TIF Slideshow

Economic Development Director Jeanne Gustafson provided a slide show presentation, explaining how TIF (*Tax Increment Financing*) programs work, below:



Economic Development

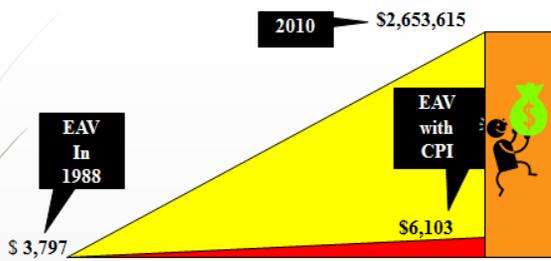
GROWTH



DEVELOPMENT



How Can a TIF be a win for all?



Where do my taxes go?



Downtown
TIF 3

- County = 12%
- Salem Grade School = 28%
- Fire District = 6%
- Salem High School = 24%
- Kaskaskia College = 6%
- Salem Airport = 1%
- Township Road and Bridge = 3%
- Salem Township = 4%
- City of Salem = 16%

TIF 3 – Designated October 6, 2003



Downtown TIF 3 Redevelopment Projects

- *Public Works Improvements (streets, sidewalks, streetscape improvements, utilities and other public improvements)*
- *Property Assembly & Relocation Costs (acquisition of land and other property, building demolition and site preparation)*
- *Building Rehabilitation*
- *Taxing District Capital Costs*
- *Job Training*
- *Interest Costs incurred by developers/homeowners*
- *Planning, legal and professional services*
- *Marketing*

"What are the priorities and considerations for expenditures ?"

- ✓ **Should it be to protect the physical integrity of our buildings?**
- ✓ **Should it be to provide better access and traffic flow to the area?**
- ✓ **What is the direct economic impact of the project (create jobs/increase commerce)?**
- ✓ **Does it positively impact a diverse number of individuals?**
- ✓ **Does it provide additional public safety to the area?**
- ✓ **Does it improve the aesthetics of the downtown?**
- ✓ **Do we require bank participation?**
- ✓ **Loan or grant?**
- ✓ **Should it go to the owner or tenant of the building?**
- ✓ **Previous history of assistance?**

TIF 3 Unofficial Financials

Current Balance	\$ 205,000
FY16 New Dollars	\$ 98,500
Pre-committed Projects	\$ 67,500
Potential FY16 Dollars	\$ 236,000

Current Requests for Consideration

Building and Property Improvements



Parking Projects

Aesthetics

Marketing

Pigeons



Leon Chapman, owner of Chapman's Design and Furniture, indicated roofs are important, and facades help make the city look good, but he feels all TIF projects should create either more property tax or sales tax. For example, he does not feel TIF funds should be used to tear down the Broadway Christian Church, as the property will not generate either sales tax or property tax. Mr. Chapman added that 25 years ago, he had the opportunity to purchase the property for \$25,000, and he was told at that time that the windows were worth more than the \$25,000 asking price. Where did the windows go, and where is the money for those windows?

City Manager Gruen indicated it will need to be a policy decision on the part of the City Council as to whether or not they want to assist with the demolition of the church. Gruen added that he does not want the City to

ultimately be left “holding the bag”, and be responsible for tearing down the entire building. Mr. Chapman responded that if a commercial use was going to be built on the property, which would generate either property or sales tax, he could support using TIF funds for the demolition.

Jeff Morgan, owner of Minor League, Tavi Tots and USA Licensed Bows, indicated City Council’s job is to do what is best for the entire community. Mr. Morgan added that he feels the City’s top priority should be parking. Until the City solves the parking problem, there are going to be revolving property owners. If it is not convenient to get to the businesses, owners are not going to gain by making minor improvements to the downtown.

Jeanell Charman, owner of Salem Travel, indicated parking is really a “perceived problem”, as people will walk a distance to visit a mall, and added that the City has done a good job of keeping downtown workers from parking in customer spaces. Mr. Morgan responded that the side streets are always packed. In Main Street America, people want to conveniently park in front of the business they are going in to. Every single day, someone complains to him about not having a place to park.

Mr. Chapman indicated he does not want to see the City’s cornerstone buildings torn down for parking, and suggested the Yohe property behind City Hall could be a good place for downtown workers to park. Ms. Charman indicated she had asked the County to put “Municipal Parking” signs on their lot on N. Broadway, and they did not see the need for a sign. Mr. Morgan added that if the City is going to provide parking, it should “do it right” – make it attractive. Morgan added that when he lived in Belleville, the City did a big renovation plan that included parking, because, “if it is not accessible, people will not go”. Mr. Morgan added that many of Salem’s downtown buildings are not in good shape. Mayor Barbee asked how many additional spaces are needed? If we add 8-10 spaces, is that enough? Or are 8-10 spaces not worth the effort?

Former Mayor John Raymer indicated the former City Council did put money into buildings, *if* there was a viable business in the building. Raymer added that Salem has a very busy, robust downtown, but has bad signage. There are no signs indicating where the high school is, the library, the hospital, etc.

Economic Development Director Jeanne Gustafson indicated the Yohe property might be a good solution. Gustafson added that the City would want to use caution when removing buildings from the middle of a downtown block. Mr. Morgan added that most of the downtown buildings might be putting \$50,000 into a building that needs \$250,000 of work. Is that a good investment? The City needs to look at long-term investment in its town – not 5 years from now, but 50 years from now. Mr. Raymer added that the County lot needs to be bulldozed, striped and sealed.

Councilwoman Morgan indicated that when the County purchased the parking lot property, the City wanted to go in on the purchase with them, and pave and stripe the lot. The County declined the offer, as it was not sure how it wanted to use the property. City Manager Gruen indicated he has since been reapproached by the County on this, as they are coming to a resolution on their environmental issues.

Finance Director Ben Stratemeyer indicated that when looking at old pictures of downtown Salem, there was angled parking. Stratemeyer added that the city could pack in a lot of angled parking, if the side streets were made one-way. Mr. Raymer added that the City of Galena has closed streets and made them parking lots during the day, and streets during the evening.

Sheila Strong, owner of the Strong’s Gifts property, indicated the Salem Fire Protection District used to rent out spaces in their lot to downtown merchants, but discovered that when there was a fire, there was no place for their firemen to park. The lot is now fire department parking only.

Councilman Morton asked if there were any other issues the group wanted to discuss. Mr. Chapman indicated he does not feel TIF funds should be used for inventory or equipment. The City has done that in the past, and it was a bad decision.

Ms. Charman indicated she would like to see the upper story windows that have been boarded up replaced. Charman added that in September she will make her last payment on the tuckpointing that she had done to her building. The contractor who did the work said it should last for the next 100 years. Charman added that she has also replaced her roof with a sprayed foam roof. She would now like to replace the windows in her building. Ms. Charman added that the most recent bid she received for windows was \$65,000. If the windows were replaced, she could look at using the upper stories of her building for apartments. Ms. Charman added that in one day, three of her windows fell out, the result of which was that the remaining windows were boarded up. Ms. Charman suggested replacing one side of the building’s windows each year.

Mr. Raymer encouraged the City Council to attend the IML conference in the fall. Additionally, Mr. Raymer indicated one of his regrets is that the City Council did not do TIF bonds during his time as Mayor. Raymer added that the \$98,000 currently coming in per year will not address the many problems that have been discussed. Raymer indicated the “poster child” for TIF Bonds is Marion, IL. Raymer encouraged the current City Council to do a TIF Bond in the amount of \$1 million, and demolish, build, roof, replace windows, and do parking, as needed. Economic Development Director Gustafson concurred, but cautioned business owners that if the City did that, owners could not fight to have their taxes reduced, and must pay their property taxes, because the City would be

committed to a certain bond payment each year. Mayor Barbee indicated he is not opposed to TIF Bonds, as long as there is a long-term plan. Barbee added that a former City Council planned for an Industrial Park, and now we have one.

Ms. Charman indicated she recently visited a "Topiary Town", in Railton, New Zealand, and people really got into it. The City offered gardening classes, and frames were available for as little as \$10-\$200 or as much as \$700. Although the shrubs might not cover the entire frame, visitors and citizens could tell what the topiary would eventually represent. Charman added that she feels Salem people would buy the frames and support the topiaries.

Councilman Farley indicated that Kaskaskia College has been very successful in raising private funds for projects when budgets were tight, and commended Dr. Underwood for that. Farley added that there are projects that the City might want to do that could be done as a public/private partnerships.

City Manager Gruen asked if there is any interest in a downtown website. Gruen indicated Normal has one, and it maps out businesses, restaurants, parking, etc. It is a stand-alone site. Ms. Strong indicated it should involve all Salem businesses, not just the downtown, and if one is created, it should be linked to both the City's and Chamber's sites.

City Manager Gruen indicated there are nine years left in the downtown TIF district. It could be expanded to 13 years, but it would take the approval of all the taxing bodies. If even one of the taxing bodies says "no" to extending the life of the TIF district, it cannot be extended. Gruen added that it is important that the taxing bodies feel the City is spending TIF dollars wisely.

Mr. Morgan indicated the building they own on the east side of town does not qualify for TIF or Enterprise Zone benefits, and he is interested in seeing what it would take to offer benefits to his site. City Manager Gruen concurred that he is interested in TIF projects on a "project by project" basis. Ms. Gustafson added that the City needs to look at the boundaries of all its districts. Mr. Morgan asked if the State of Illinois is looking at smaller TIF districts. Mr. Raymer responded that Marion recently added three three-block districts.

Another question that has been raised in the past is, if a tenant applies for TIF assistance, should the owner be required to sign off? Consensus of the group was that it should, as the owner of the property will ultimately be responsible for the improvements made to their building. Ms. Gustafson added that there have been suggestions made in the past that before approving structural repairs, the properties should be examined by a structural engineer. Property owners present were in agreement.

Ms. Charman indicated she had experienced a problem with the entryway of one of her building caused by pigeons roosting there. She purchased "Bird be Gone" spikes, which kept the birds from nesting in her entry. Ms. Charman added that this would help downtown businesses, but putting the spikes around the edges of all the downtown buildings could be costly.

Ms. Charman indicated she would like to see the reorganization of a downtown business group. Charman added that she had been a part of the Main Street Salem organization, and people were eager to help improve our city. Ms. Strong added that there have been downtown retail groups, but she would like to see the group be inclusive of all downtown businesses, not just retail. Mr. Morgan added that if we improve downtown parking, the downtown will become much more vibrant. Councilman Farley asked if this business group should be a division of the Chamber. Ms. Strong indicated it has been in the past, but it was limited to Chamber members. Ms. Gustafson indicated the Westgate shopping area had indicated that they would like to be a part of any new retail group.

Ms. Charman reiterated that she would like to see topiaries in the downtown area. Mr. Morgan concurred that, whether it is topiaries or something else, he would like to see Salem's downtown be unique. Ms. Gustafson asked if South Central Illinois Regional Planning and Development could be involved in creating a Master Plan.

Ms. Charman indicated she does not like the "dwarf" trees downtown, and would like to see the City consider replacing them, perhaps with Zelchenco trees, and suggested the "dwarf" trees could be relocated to some other site in the city. Mayor Barbee suggested along the fence line at the dog park, should it be approved.

Ms. Charman indicated she would like to see more murals in town, similar to what Greenville has done. Charman added that she would like to see the downtown focus as a group on beautification, topiaries, murals, etc.

The meeting was informally adjourned at 7:15 p.m.

Bev Quinn, CMC
City Clerk