

City of Salem  
Regular City Council Meeting  
October 17, 2016

6:00 PM Regular Session

- I. Call to Order & Roll Call
- II. Prayer and Pledge of Allegiance
- III. Presentation of Petitions/Public Comments
- IV. Mayor's Report and Presentations

V. City Council Action

1. Consent Agenda a. Approval of Minutes – October 3, 2016
2. Approval of Bills Payable
3. Approval of TIF Agreement with Americana for Purchase of #7 Carpenter Drive
4. Approvals Related to Salem Cottages
  - a. Approval of Revolving Loan Application
  - b. Approval of TIF Agreement
  - c. Approval of Sale of Land
  - d. Approval of Rezoning from Industrial to RM2
  
5. First Reading – Proposals for City Risk Mgmt Coverage for 2016-17
6. First Reading – Property Tax Levy for 2017 Collections a. Approval of Resolution for Library Building Levy
  
7. Discussion – Permissibility of ATVs / UTVs on City Streets
8. Approval of Request for Solicitations for Downtown TIF Projects

VI. City Manager Report

VII. City Attorney Report

VIII. Finance Director Report

IX. City Council Report

X. Adjournment

Bill Gruen  
City Manager

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**MINUTES**  
**REGULAR CITY COUNCIL MEETING**  
**OCTOBER 17, 2016 – 6:00 PM**

**I. CALL TO ORDER**

The regular October 17, 2016 meeting of the City Council was convened at 6:00 p.m. and called to order by Mayor Rex Barbee.

**Council members present:**

Tim Hudspeth  
Councilman Nic Farley  
Councilman Craig Morton  
Councilwoman Sue Morgan  
Mayor Rex Barbee

**Council members absent:**

None

**Others Present:**

City Manager Bill Gruen	City Clerk Bev Quinn
Finance Director Ben Stratemeyer	Chief of Police Sean Reynolds
Public Works Director John Pruden	Code Enforcement Officer Brian Hunt
Deputy Chief Susan Miller	Animal Control Officer Paul Wimberly
Asst. Public Works Dir. Annette Brushwitz	Library Director Kim Keller
City Attorney Mike Jones	Economic Development Director Jeanne Gustafson
Members of the Media and Public	

**II. PRAYER AND PLEDGE OF ALLEGIANCE**

Opening prayer was given by Councilwoman Sue Morgan, followed by the Pledge of Allegiance to the Flag.

**III. PRESENTATION OF PETITIONS/PUBLIC COMMENTS – None.**

**IV. MAYOR'S REPORT AND PRESENTATIONS**

**Vietnam Veteran's Memorial** - Mayor Barbee offered a "hats off" to the Tourism Board for bringing the Vietnam War Memorial to Salem. Mayor Barbee added that it was very well received by the community.

**Salem Airport Open House** – Mayor Barbee thanked the Airport Authority for the Leckrone Airport Open House and indicated it was well attended.

**Roberts Park Reopening** – Mayor Barbee commended City Manager Bill Gruen and the Public Works Department for getting the new playground equipment installed at Roberts Park, and for hosting a picnic at the reopening.

**Leaf Vacuum** – Mayor Barbee indicated that the Public Works Department has begun the fall leaf vacuum program.

**V. CITY COUNCIL ACTION**

**1. Consent Agenda**

a. Approval of Minutes – October 3, 2016.

***Motion was made by Councilman Farley and seconded by Councilwoman Morgan to approve the Consent Agenda as presented. Roll call vote: AYES: Councilman Farley, Councilman Morton, Councilwoman Morgan, Councilman Hudspeth, Mayor Barbee. NAYS: None. Motion carried.***

**2. Bills Payable**

Following review, ***motion was made by Councilman Hudspeth and seconded by Councilman Farley to approve the Bills Payable as presented. Roll call vote: AYES: Councilman Morton, Councilwoman Morgan, Councilman Hudspeth, Councilman Farley, Mayor Barbee. NAYS: None. Motion carried.***

**3. Approval of TIF Agreement with Americana for Purchase of #7 Carpenter Drive**

City Manager Gruen provided the following information on the Americana TIF Agreement:

Americana has been working with the Salem Business & Industrial Commission (SBIC) and City staff on an agreement to purchase #7 Carpenter Drive. The purchase is part of a strategy to consolidate certain operations in Salem as it also establishes a location in Arizona to serve markets in the western part of the US.

The City lent money to SBIC to acquire #7 as a sort of “spec building” for economic development projects seeking to locate in Salem. The balance on that loan is currently \$455,000. The general terms of an agreement worked out between Americana, SBIC and City staff entails the following:

- Americana will inject \$300,000 for the purchase of the property and the City will inject \$155,000 from TIF 2 to allow for a total of \$455,000 to be repaid to the City.
- Americana will receive an 80% rebate of property taxes after payment by Americana, not to exceed \$96,000.
- 10 Jobs will be created by Americana.

Economic Development Director Jeanne Gustafson indicated Americana purchased their current site in 1996 and built a 120,000 sf building for construction of awnings and other items. In 1997 Americana added their powder coating process. In recent years, Americana has acquired PW Athletics currently located in Arizona, and have expanded their services to include benches, bleachers, etc. Ms. Gustafson indicated the loan will be a 3%, five year forgivable loan. ***Motion was made by Councilman Hudspeth and seconded by Councilwoman Morgan to approve the TIF agreement with Americana Building Products, as presented. Roll call vote: AYES: Councilman Morton, Councilwoman Morgan, Councilman Hudspeth, Mayor Barbee. NAYS: None. Councilman Farley abstained. Motion carried.***

**4. Approvals Related to Salem Cottages:**

City Manager Gruen indicated Council might want to discuss the four items listed under Agenda Item 4 before taking action, as they are all related. The items for discussion are:

- a. Approval of Revolving Loan Application
- b. Approval of TIF Agreement
- c. Approval of Sale of Land
- d. Approval of Rezoning from Industrial (I) to Multi-Family Residential (RM-2)

City Manager provided the following information as part of the agenda:

Revolving Loan Approval: If the Council supports approval of the loan, recommend approval as follows: *Approval of a \$150,000 loan from the City's RLF at rate of 3% over a 20-year term, taking a second position relative to a \$600,000 loan from Marion County Savings Bank and \$75,000 injected by Mike Greer.* Documents effectuating the loan would be generated if approved by the City Council.

Approval of TIF Agreement: The project is located in a TIF district. Recommend approval of a rebate of 80% of property taxes limited by the eligible expenses involved with the

project (new construction is not eligible). Statutory eligible expenses likely relevant to this project include property acquisition, site preparation, professional expenses, and a portion of financing costs. The document for this approval is drafted and currently under review.

Approval of Sale of Land: Mike Greer proposed to purchase 2 acres from the City for \$15,000 with commitments for characteristics noted in his purchase proposal dated September 13, 2016. Recommend approval contingent upon the implementation of the implementation of the noted characteristics and that the project be completed within a timeframe defined by the Council (not longer than 2 years). Property would be returned to the City if not completed within the approved time frame. Document effectuating the land sale would be prepared after approval by City Council.

Approval of Rezoning: The Planning Commission voted unanimously to recommend rezoning of two acres identified by Mr. Greer for “The Cottages” from “I” Industrial to “RM-2” Multi-Family Residential to allow for the use of property in the manner proposed. Recommend approval of the rezoning if the project overall is supported by the City Council. Approval of an ordinance is the practice.

Councilman Farley asked how far out Mr. Greer will be marketing. Mr. Greer indicated 10-15 miles around Salem, and all of the surrounding small communities. Councilman Farley asked if he will be seeking Alzheimer’s patients. Mr. Greer indicated the target group will be dementia patients, which are all referred to under the common name of “Alzheimers”, but they all refer to memory loss. Mr. Greer indicated he had a study done, and there is a tremendous need for a facility to serve dementia patients. Councilman Farley asked what staffing will entail. Mr. Greer indicated he will be creating 10-12 full time equivalent positions, with the Director being a registered nurse and all other employees being trained CNAs or activity aids. Mr. Greer indicated he has increased the number of rooms to be provided from 11 to 15.

Councilman Morton asked why the number of rooms was increased from 11 to 15. Mr. Greer indicated the status of his application has changed to allow for some non-private pay clients. The building size will change from 5,700 sf to 8,300 sf.

Economic Development Director Gustafson indicated the total scope of the project is a \$1.1 million project, with 15 rooms, with an 80% reimbursement on property taxes for 8 years from TIF #2, upon verification of TIF eligible expenses. The sale of land is \$15,000 for 2.1 acres, the land will be fenced with a 6 ft. tall fence, contain a security system, and have walking paths.

***Motion was made by Councilman Morton and seconded by Councilman Farley to approve the RLF loan in the amount of \$150,000 at a rate of 3% over a 20-year term, taking a second position relative to a \$600,000 loan from MCSB and \$75,000 injected by Mike Greer; to approve the TIF agreement which allows a rebate of 80% of property taxes limited by the eligible expenses involved with the project; and to approve the sale of approximately 2 acres of land for \$15,000 with commitments for characteristics noted in Mr. Greer’s purchase proposal dated September 13, 2016; and to approve the rezoning of the two acres being purchased by Mr. Greer from “I” Industrial to “RM-2” Multi-Family Residential. Roll call vote: AYES: Councilman Hudspeth, Councilman Farley, Councilman Morton, Councilwoman Morgan, Mayor Barbee. NAYS: None. Motion carried.***

**5. First Reading - Proposals for City Risk Management Coverage for 2016-17**

City Manager Gruen indicated four bids/proposals were received for risk management coverage from the 2016-17 year. Bid tab is shown below:

<u>Agent</u>	<u>Underwriter(s)</u>	<u>TOTAL</u>	<u>Work Comp</u>	<u>Liability</u>
Dimond Bros.	One Beacon/IL Public Risk	\$608,211	\$416,780	\$191,431
Imming Insurance- Gallagher	Several	\$556,340	\$384,128	\$185,664
IMLRMA	IMLRMA/Granite State	\$521,436	\$300,033	\$221,403

Kane ICRMT \$526,758 \$338,966 \$187,792

Mr. Gruen indicated all bidders were welcome to attend, but IMLRMA and ICRMT have been invited to present to City Council. Suzie Jane presented on behalf of IMLRMA and Jeff Weber presented on behalf of ICRMT.

Although there was a \$5,000 difference between IMLRMA and ICRMT, this difference was offset by ICRMT covering the gas utility, having a local broker, providing grants and free training, as well as free participation for Police Officers in the “Badge of Health” program. During discussion, Councilman Farley noted that the City has received excellent service from Bob Kane and ICRMT, but he had felt that Council should do their due diligence by going out for bid and insuring that they are representing the tax payers wisely. Based on the 1% difference in rates, Councilman Farley indicated he would like to see the City stay with Kane Insurance and ICRMT. Mayor Barbee agreed. Councilman Hudspeth concurred, and indicated the grants and training make up the fee difference. City Manager Gruen indicated this was a good exercise. Mr. Gruen Complimented Ms. Jane on her presentation, and indicated he had enjoyed working with her when he was in Carlyle. **Motion was made by Councilman Farley and seconded by Councilwoman Morgan to accept the proposal from Bob Kane and ICRMT, as presented. Roll call vote: AYES: Councilman Farley, Councilman Morton, Councilwoman Morgan, Councilman Hudspeth, Mayor Barbee. NAYS: None. Motion carried.**

#### **6. First Reading – Property Tax Levy for 2017 Collections**

City Manager Gruen indicated this is a first reading for the overall tax levy for 2017 collections. Note: The total levy equals \$1,200,434 before levies are abated for bonds. The levy represents a 4.99% increase over the current year’s extension. The amount that will be extended for next year’s collections will be limited by PTELL (CPI) and will certainly be less than the total above. As part of this process, Bryan Bennett Library has requested that the City levy .02% for the maintenance, repairs and alterations of library buildings and equipment. Once this resolution is passed, a notice must be published in the local newspaper, so that objectors have an opportunity to file petitions asking that this be placed on a referendum. **Motion was made by Councilman Farley and seconded by Councilwoman Morgan to approve Resolution 2016-11 Levying .02% as requested by Bryan Bennett Library. Roll call vote: Councilman Morton, Councilwoman Morgan, Councilman Hudspeth, Councilman Farley, Mayor Barbee. NAYS: None. Motion carried.** City Manager Gruen indicated the full levy will be presented for final action at a future meeting.

#### **7. Discussion – Permissibility of ATVs/UTVs on City Streets**

City Manager Gruen indicated he had checked to see what parameters Carlyle follows, and they do allow ATVs on city streets, but they can go no faster than 25 mph, must pay a \$35 annual fee, drivers must be 21 years of age or older, and there is no driving ATVs in their parks. Mr. Gruen asked Chief Reynolds what he had found in state law regarding ATV speed limits. Chief Reynolds indicated there is a Public Act that requires ATVs to go 35 mph or less. Mayor Barbee commented that there are ATVs and UTVs that are able to exceed 35 mph. Mayor Barbee added that when the City was originally considering allowing golf carts on city streets, gas prices were high and the Council wanted to offer an option. Mayor Barbee indicated several citizens have spoken to him in opposition to allowing ATVs and UTVs. Councilman Farley indicated he feels the ATVs and UTVs are safer than golf carts, because they are four-wheel drive, go under 36 mph, and have a roll cage. Councilwoman Morgan indicated she has received at least 10 calls from people in opposition. The callers she spoke with indicated they are afraid the vehicles will go off-road, make noise, and increase danger in the streets. Mayor Barbee concurred, and indicated he would like to continue limiting the city’s exposure to these issues. Councilman Morton asked what the City does about noisy trucks or motorcycles. Chief Reynolds responded there is a noise ordinance.

Chief Reynolds indicated he has not made any bones about it – he is opposed to ATVs and UTVs being allowed on City streets. Reynolds added that he likes ATVs and has ridden them for 40 years, but there are specific places this type of vehicle should be ridden. Statistically, two-thirds of ATV deaths occur on roads. Councilman Farley responded that he is not sure that is a valid statistic to bring up. Chief Reynolds added that he does not feel the benefit of allowing ATVs on the streets will outweigh the problems. Councilman Farley asked if a side-

by-side could be considered farm equipment and not require a permit. Chief Reynolds responded it could, if it was being used for a legitimate farm use, not to drive to IGA. Councilman Morton indicated he does not see the difference between a side-by-side and a golf cart. Chief Reynolds indicated a side-by-side can cause much more damage than a golf cart.

Mayor Barbee indicated there is an issue with golf carts and side-by-sides being smaller than cars, and while motorcycles are smaller, too, at least a motorcycle can accelerate to get out of the way of a car. Mayor Barbee added that he does not feel this issue has the overwhelming support of the community, and he is not comfortable with allowing ATVs on city streets at this time. Chief Reynolds added that he has also had citizens approach him in opposition. Councilman Hudspeth indicated that generally speaking, he would be in favor of allowing ATVs on city streets, but he does not feel this issue has strong support. Hudspeth added that he received one email in opposition.

#### **8. Approval of Request for Solicitations for Downtown TIF Projects**

City Manager Gruen indicated the Downtown TIF Fund has between \$20,000 and \$50,000 available for TIF projects, and once adjustments are made and the figure is solid, he would like to do a Request for Projects like he did last year. Councilman Hudspeth indicated that is a good idea. Councilman Farley added that these dollars are collected for this purpose, and he would like to see them used. ***Motion was made by Councilman Farley and seconded by Councilman Hudspeth authorizing the City Manager to prepare a Request for Projects for the Downtown TIF area. Roll call vote: AYES: Councilwoman Morgan, Councilman Hudspeth, Councilman Farley, Councilman Morton, Mayor Barbee. NAYS: None. Motion carried.***

#### **VI. CITY MANAGER REPORT**

City Manager Gruen indicated Roberts Park is looking great. The park has new landscape timbers, rock, and parking blocks, and he thanked Public Works for their efforts. Mr. Gruen added that the turnout for the Roberts Park Picnic hosted by the City was great.

#### **VII. CITY ATTORNEY REPORT – No report.**

#### **VIII. FINANCE DIRECTOR REPORT – No report.**

#### **IX. CITY COUNCIL REPORT**

**Councilwoman Morgan** indicated Public Works and the Drug Court participants worked together to clean up the area near the “Welcome to Salem” sign, and they had done a wonderful job. Assistant Public Works Director Annette Brushwitz indicated they hauled 14 dump trucks of waste away.

**Councilman Morton** asked about the Knox boxes the City purchased, and asked if they had been installed. Ms. Gustafson indicated she would request an update. Councilman Morton also asked if the basketball courts that were damaged by storms were being replaced. Public Works Director Pruden responded that they are.

**Mayor Barbee** asked when the MIA-POW chair at the Cemetery will be completed. Mr. Pruden indicated they are waiting for the granite to be delivered. Mayor Barbee asked if the City can shoot for installation by Veteran’s Day. Mayor Barbee added that the sidewalk project at the Library is moving forward.

#### **X. ADJOURNMENT**

As there was no further business to discuss, **upon motion by Councilman Farley and second by Councilwoman Morgan, the meeting was adjourned at 7:30 pm. Roll call vote: AYES: Councilman Hudspeth, Councilman Farley, Councilman Morton, Councilwoman Morgan, Mayor Barbee. NAYS: None. Motion carried.**