

REDEVELOPMENT COMMISSION MEETING – TIF

APRIL 30, 2008

TIME: 6:00 P.M.

PRESENT:

CITY: Doug Fry, Darrell Poling, Lowell Rethlake, Jim Saler, Daryl Tressler

Minutes of the 04/03/08 meeting were approved, motion by Doug Fry and seconded by Lowell Rethlake. All ayes. So passed.

Daryl Tressler reported that our current cash position is \$ 341,480.20 in checking and \$ 800,000.00 invested in a Certificate of Deposit. He also presented a list of bills totaling \$ 4,581.60 for HNTB and \$ 66,565.00 for land acquisitions to be paid. Daryl noted that our total funds balance will be \$ 1,070,333.60 after the current bills are paid **Motion by Lowell Rethlake, seconded by Darrell Poling to pay HNTB. Motion by Darrell Poling, seconded by Doug Fry to pay the right of way acquisitions. All Ayes. Motion's passed.**

Christina Colon of HNTB presented a five year, 2006-2010, spread sheet progress time line for Lincoln Street and asked if there are any questions regarding the alternatives that have been presented. Daryl Tressler inquired about the environmental phase II determinations. Christina explained that 9 parcels were identified as properties needing remediation: 3 are active gas stations, 5 are former gas stations, and 1 is a long term/ active dry cleaners. Daryl pursued the conversation with a question of: How can we protect ourselves from potential future liability from contamination on these sites? Christina, Matt Bailey, and Daryl participated in a discussion regarding the potential future liability that concluded with Matt summarizing that ultimately there is no guarantee that there cannot be a potential future liability.

Jim Saler asked Christina if she could estimate the amount of the Lincoln Street alternative 1 planned project that represented utility infrastructure. Christina responded that 11% of the project was for water infrastructure and 22% was for storm sewer (drainage) infrastructure costs. Jim asked if it would be a logical conclusion to state that 1/3 of the \$ 6 million local cost is attributable to utility capital infrastructure. Christina did not dispute the assertion.

Jim Saler inquired about the increase of Land Acquisitions cost on the quarterly INDOT report. Christina explained that half of the \$ 600,000.00 increase was a reclassification and the other \$ 300,000.00 was something else. Rick Hall explained that the referendum requirements in the new law enacted in March did not apply to TIF bonds. Therefore, any pressure to proceed has been removed. Whenever we decide to go forward it is not a concern regarding a referendum.

Daryl invited comments from the public.

Brian Keith inquired if the Lincoln Street project is a Federal Aid/ grant project. Christina responded yes and they had some discussion regarding 80/20 versus 60/40 matching calculation formula. Brian appeared satisfied with Christina's explanation.

Michael Champion, representative of Greensburg LLC, an Oregon based investor group, explained that they are actively pursuing development of their 150 Acre property. He explained that based on their development experiences in other communities they understand that they are responsible for infrastructure costs through their developed property. Therefore, they intend to develop a road through their property from Highway 421 to the intersection of Moscow Road and Smith Road. He expressed concern that if we spend all of the TIF revenue on Lincoln Street that would not leave any funds to complete a so-called Freeland Road extension that would go from the Highway 3 by-pass to the East intersection of Smith Road and Broadway.

Rick Miglowski, representative for the investor group that owns the 46 acres East of Wal-Mart explained that they have been involved in the community since 1998 as the owner of the apartment complex across Freeland Road from the 46 acres. He indicated that they cannot develop the 46 acres on the North side of Freeland Road unless the TIF board widens it. He asked if there has been any study of the volume of tractor trailers that travel on Freeland Road daily. He inquired what the percentage of TIF funds come from the Wal-Mart/ Greensburg Commons shopping center taxpayers. He followed up his question by asking: How would Inland Management, the largest owner of the shopping center real estate, best be served; with a capital project on Lincoln Street or by spending a significant portion of the TIF tax funds on Freeland Road? After he indicated that their group intends to build a \$ 10 Million apartment complex that will enhance the TIF district, he inquired just what is the percentage of TIF tax funds that the TIF board intends to spend on Lincoln Street versus Freeland Road? Daryl Tressler answered Rick's question by responding that alternative plan number 1 (the original plan) is to essentially spend all of the TIF tax revenue on Lincoln Street.

Mike Champion commented that commercial development is competitive and all prospects that they have talked to are interested in what is the Freeland Road plan, and specifically what is the

local elected officials' commitment to see it extended for full development. Jeff Whitaker indicated that he believes the Freeland Road extension is a priority of the comprehensive plan for the County/ City. He inquired if there has been an analysis of additional tax revenue that would be generated if we put Lincoln Street on hold and did a Freeland Road extension first? Jennifer Sturges responded that such an analysis was done by herself and Mike Walker, a prior Economic Development Corporation Executive Director, that calculated an increased job rate multiplier and she could supply copies of it if anyone is interested in it.

Bill Wenning indicated that he did not want to see \$ 12-\$ 13 Million go into Lincoln Street and leave Freeland Road unattended. He inquired if we did any other cost analysis other than from HNTB during the 60 day time out? (The answer was no) He inquired if the Lincoln Street sanitary sewer has been slip lined what would be the remaining life of the slip lined sewer? Jeff Smith answered that a slip lined sewer should be good for 40 to 50 years. Bill inquired does HNTB let out the bids for the work to be done? Christina responded No, INDOT will bid it out; she clarified that HNTB is the overall project designer. Bill commented once again that alternative 1 for the full original planned project would require a TIF bond authority, which he is adamantly opposed to.

Mayor Gary Herbert commented that if Bill is not in favor of an authority then we could also not do a large scale Freeland Road project. Bill responded that he would probably be okay with an authority for a Freeland Road project, since it is for economic development, as opposed to the local capital project being planned for Lincoln Street. Gary indicated that John Julien is to work on a water evaluation of growth to see if the utility would have the ability to help with its portion of the cost of Lincoln Street, but the information will not be available until the end of May. John Julien emphasized that the numbers will just be an estimate. Lowell Rethlake inquired that if the city utility were to pay its portion of the Lincoln Street project it would probably mean a rate increase for its customers. Gary responded that he is not in favor of a utility rate increase.

Jim Saler asked Mayor Herbert if that seemed appropriate in light of the fact that 1/3 of the planned project was for utility infrastructure? Gary responded by asking if the TIF board is asking the utility to pay 1/3 of \$ 6 Million? Jim responded that it would seem appropriate for the utility to pay something substantial rather than the TIF district paying 100% of the utility costs. Gary responded that he was flexible and would be willing to use EDIT funds to help out and that an increase of water and sewer rates could be considered in the future. He said we should be able to maintain the \$ 1 Million buffer the TIF is wanting. Jim Saler commented to Gary that he has been hard to read on whether or not the city is willing to pay part of the utility costs. Gary responded: What do you mean by that?

Jim said that in the meeting on March 20 which the mayor attended with Doug Fry, John Julien, HNTB and himself Gary indicated that he would be receptive to the utility paying part of the cost

even if it ultimately meant an increase in utility rates, and now tonight he is saying that he would not be in favor of an increase. Jim also commented that the meeting concluded with John Julien to prepare some scenarios of utility cost participation so we could see what various cost participation would mean to end users in billing increases. John Julien stated that he did not understand that was what was decided. He further clarified that such a cost participation scenario analysis would have to be requested by the utility board, not the TIF board. Jim asked him if that would be a difficult or cost prohibitive analysis to make, and John responded no.

Jean Johannigman commented that she is aware of a developer that just bought development property in Shelbyville. She explained that she believes our success for capitalizing on the economic development opportunities provided by Honda is based on how we are perceived to welcome developers. She suggests that the TIF board re-assess its priority list since the Honda factor arrived after the list was established. She concluded her comments that the lost opportunity cost is a great concern for her.

Jeff Whitaker commented that the engineering plan for Lincoln Street could be shelved and used later after Freeland Road is developed and additional TIF revenue is generated.

Bill Wenning stated that if he knew money invested on Lincoln was going to produce a return he would be okay with an authority. He also asked if we do the TIF bond issue being planned can we divert a portion of it away from Lincoln toward Freeland Road? HNTB explained that INDOT rules would not allow that. They further explained that we have to put our Lincoln Street matching funds on deposit with INDOT up front, and then they match it. We could bond more than our matching and just not put the additional bond proceeds on deposit with INDOT.

Lowell Rethlake said speaking on behalf of the last three years he makes a motion to proceed with alternative # 1, seconded by Doug Fry. There was a lengthy discussion amongst the TIF board and several additional comments from the audience. John Julien clarified that a decision by the TIF board would have to be confirmed by a majority of the council. He also indicated that we could recommend to commit \$ X.xx of TIF funds with utility participation for the balance of the project. Ken Dornich once again explained his belief regarding the increased cost of the project. Upon conclusion, Jim Saler asked Ken if he agreed that the biggest reason for the increase was the expansion of the scope of the project? Ken responded, Yes. Jeff Smith commented that he didn't know why there was a big deal being made about utility participation in the cost because the cost of the water line, after grant fund reduction, was only \$ 125,000.00. Mark Klosterkemper commented that the cost of the storm sewer systems are needed badly and that the water and sanitary sewer rates should not be increased to pay for it. Jim Saler inquired what portion of the \$ 2 Million ROW acquisition cost should we attribute to the utility? He

asked the same question regarding the Engineering/ inspection fees, and ultimately the ensuing \$ 3 Million Finance cost that we are deciding whether or not to have the TIF district pay 100% of. Mayor Herbert commented that the utility rates have increased approximately 16% in the last three years. He made the point that he would rather see one project done completely rather than two projects only partially completed. He concluded the discussion by saying that if we don't do Lincoln we don't have enough money for Freeland Road either. Daryl Tressler asked for a final roll call vote to the motion: **Ayes Lowell Rethlake, Darrell Poling, Doug Fry, Nays Daryl Tressler and Jim Saler. Motion passed.**

The next meeting was set for Wednesday, May 28th at 6:00 P.M.

Meeting adjourned at 8:30 P.M.

PRESIDING OFFICER:

Secretary