

**AGENDA CITY OF SALEM
PUBLIC HEARING (5:30) & REGULAR CITY COUNCIL MEETING (6:00)
DECEMBER 3, 2018**

SCIRPDC Public Hearing on RLF Support for Orchards Project (5:30)

I. Public Hearing

Regular Council Meeting (6:00)

- I. Call to Order**
- 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. City Council Minutes - 11/19/18
 - 2. Approval of Sale of Land at Former Armory Site
 - 3. Submission of Requests Related to Development of Acreage on N Hotze, Including an Economic Incentive Agreement
 - 4. Presentation Regarding Mission Salem, Approval of Dollars for 2019 Projects
 - 5. Approval to Seek Bids for Demolition of 220 S Vincent and 335 Porter
 - 6. Second Reading of Enterprise Zone Documents
 - a. Intergovernmental Agreement with Marion County
 - b. Property Tax Abatement Resolution
 - 7. Approval of Resolution Committing RLF Dollars for McNeil “Orchards” Project

- VI. City Manager Report**
- VII. City Attorney Report**
- VIII. Finance Director Report**
- IX. City Council Report**
- X. Executive Session**
 - 1. 5 ILCS 120/2 (c)(21) – Review of Executive Session Minutes
 - 2. 5 ILCS 120/2 (c)(6) – Setting Price for Sale/Lease of City Real Estate

- XI. City Council Action**
 - 8. Approval of Executive Session Minutes from July 6, 2018, October 1, 2018, and November 5, 2018
 - 9. Approval of Lease or Sale of City Real Estate

- XII. Adjournment**

Bill Gruen
City
Manager

**MINUTES
CITY OF SALEM
REGULAR CITY COUNCIL MEETING
December 3, 2018**

- I. CALL TO ORDER**
The regular December 3, 2108 meeting of the City Council was convened at 6:00 p.m. and called to order by Mayor Rex Barbee.
- Council members present:**
Councilman Jim Koehler
Councilman Nicolas Farley
Councilman Craig Morton *(Arrived shortly after roll call.)*
Councilwoman Sue Morgan
Mayor Rex Barbee
- Council member absent:** None.
- Others present:**
- | | |
|---|-------------------------------------|
| City Attorney Mike Jones | City Clerk Bev Quinn |
| City Manager Bill Gruen | Finance Director Keli Barrow |
| Chief of Police Sean Reynolds | Public Works Director John Pruden |
| Deputy Chief Susan Miller | Economic Dev. Dir. Jeanne Gustafson |
| Asst. Public Works Dir. Annette Brushwitz | James Patrick, SCIRPDC |
| Members of the Media and Public | |

II. **PRAYER AND PLEDGE OF ALLEGIANCE**

Opening prayer was offered 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**

Mayor Barbee expressed appreciation to Director Pruden and the Public Works Department for their work on the leaf vac program, and added that they did a great job. Mayor Barbee also added that the SCHS students did a great job with the window displays uptown. Mayor Barbee further encouraged participation in the many Christmas events being offered by area churches.

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V.

CITY COUNCIL ACTION

1. **Consent Agenda**

a. **Approval of Minutes – November 19, 2018**

Motion was made by Councilman Farley and seconded by Councilman Koehler to approve the City Council minutes of November 19, 2018 as presented. Roll call vote: AYES: Councilman Farley, Councilman Morton, Councilwoman Morgan, Councilman Koehler, Mayor Barbee. NAYS: None. Motion carried.

2. **Approval of Sale of Land at Former Armory Site**

City Manager Gruen indicated Garland Simmons, owner of 513 N. College, wishes to purchase some land at the former Armory site and has submitted a sealed proposal. Upon opening the proposal, City Manager Gruen indicated the amount offered was \$500.00. City Manager Gruen indicated the area Mr. Simmons wants to purchase was originally Lot 176, but lots 176, 177 and 178 have all been combined into one lot. Mayor Barbee asked if an easement would be provided so that future buyers could access the lots that were formerly known as 177 and 178. Mr. Simmons responded, “absolutely”, and added that he just wants the land for additional parking for his home. City Manager Gruen added that there were two large lots approved for sale for \$500.00 last year, but the deal fell through. Gruen added that he thinks the \$500.00 offer would be sufficient to cover the cost of subdividing this piece from the rest of the lot. ***Motion was made by Councilman Koehler and seconded by Councilman Farley to sell the lot formerly identified as Lot 176 to Garland Simmons for \$500.00, with a requirement that an easement be identified in the subdivision to allow access the remainder of the lot. Roll call vote: AYES: Councilman Morton, Councilwoman Morgan, Councilman Koehler, Councilman Farley, Mayor Barbee. NAYS: None. Motion carried.***

Mayor Barbee asked that Agenda Item #7 Approval of Resolution Committing RLF Dollars for McNeil “Orchards” Project be moved up.

7. **Approval of Resolution Committing RLF Dollars for McNeil “Orchards” Project**

Motion was made by Councilwoman Morgan and seconded by Councilman Farley to approve Resolution 2018-11 Committing RLF dollars to McNeil “Orchard” project. Roll call vote: AYES: Councilwoman Morgan, Councilman Koehler, Councilman Farley, Councilman Morton, Mayor Barbee. NAYS: None. Motion carried.

3. **Submission of Requests Related to Development of Acreage on N. Hotze, Including an Economic Incentive Agreement**

City Manager Gruen provided the following information:

Neal Smith, owner of approximately 33 acres between N Hotze and I-57, has submitted a request for assistance from the City tied to development of the subject acreage. A picture of the property is pasted below. I’ve intended for this to be only be informational for Monday’s meeting. Some notes on his request:

#1 → An economic incentive agreement (65 ILCS 5/8-11-20 and 21) is an economic development tool the City could use to support development as identified in Neal’s letter. Such an agreement could allow for sales taxes otherwise be paid to the City to be diverted to developers to support new development. For this, the City has its “base” sales tax (which supports Gen Fund operations) and half-cent sales taxes used to retire bonds and finance infrastructure maintenance (Fund 18).

There are statutory eligibility requirements that have to be met for Salem to consider this sort of agreement, which appear to be mostly met here. One important requirement we don’t

have entails demonstration of “high standards of creditworthiness and financial strength” specified in statute. I believe this may be met by Neal demonstrating at least 10% of his own equity will be used to leverage financing for his project. At present we don’t have a project cost tied to his development, nor do we have any information on how the project will be financed. I have some ideas on how the City might approach an incentive agreement for development of the subject 33 acres, but would like to get some direction from the City Council on desired approach.

#2 → Subject to the City not having any need for the noted “roadbed,” we could approach relinquishing the area noted in a manner depending upon the nature of the City’s right to the roadbed.

#3 → The subject property is located in what we hope will be the City’s new Enterprise Zone, subject to State award of a zone. Abatements would be granted when property taxes were due and payable.



City Manager Gruen added that an Incentive Agreement will not allow the City to divert tax dollars from Salem to another site, and asked Mr. Smith if he can provide confirmation that none of the tax dollars will be diverted to his Bloomington site. Mr. Smith responded that he fully owns both businesses, but they are totally separate businesses with each having their own retail sales tax id numbers. Additionally, when a product is moved from one site to the other, it must be sold to the site it is being moved to. City Manager Gruen added that the City has two half-cent sales taxes that will be charged on golf cars. Mr. Smith expressed acknowledgement, and added that his Bloomington site has a 6.25% sales tax rate, which has a significant impact on sales. Smith added that he does not feel that Salem’s sales tax is excessive, but it does have an impact. City Manager Gruen advised Council that there is no way to provide an incentive agreement without it impacting City finances.

Mr. Smith indicated Little Egypt Golf Cars will be located on the northeast section of his site, and he will have to build a road to get to it. Development is planned in two phases. Smith indicated he currently has businesses who are very interested in locating in the subdivision, and could be ready to go in as soon as the road is in. Smith added that this is a prime location, with good interstate exposure and visibility.

Councilman Farley noted that Mr. Smith is requesting that Enterprise Zone incentives be retroactive, and Mayor Barbee asked if that is even possible. Economic Development Director Gustafson responded that if the City applies for an Enterprise Zone in December 2018 and we are approved, it will be designated by 2020. Gustafson added that if Mr. Smith builds this year, the agreement can indicated that the incentives would continue. Mayor Barbee indicated he is supportive of the project, but feels there are additional details that need to be worked out. City Manager Gruen indicated he would do some further work on the agreement and bring it back for Council approval. Gruen indicated that if Council members have suggestions on requirements that hey let him know.

Councilwoman Morgan asked how close the development will be to the section of Hotze Road known as “Beer Can Alley”. Mr. Smith replied that the trees in that section will not be affected by his development. Councilwoman Morgan responded that she likes the planned development, but

she would like to save the trees along “Beer Can Alley”. Councilman Farley added that it is nice to see people believing in Salem. Mr. Smith replied that he is a big supporter of Salem, and the fire at their previous caused them to rethink where they wanted to rebuild, and this was the best choice.

4. Presentation Regarding Mission Salem, Approval of Dollars for 2019 Projects

Brian Gansauer of Mission Salem indicated the Board appeared before City Council a little over a year ago, and City Council graciously supported their cause with a \$15,000.00 donation. Mr. Gansauer indicated the process involves: referrals, applications, Foundation review, site visits and estimates, background checks, project completion and payments. There are currently seven local churches involved in Mission Salem, with 170 volunteers. Mr. Gansauer provided the following breakdown of dollars and hours invested during the past year:

City’s Investment	- \$15,000
Private Donations	- \$10,500
Material Donations	- \$ 5,200
In-kind Donations	- \$ 7,600
Volunteer Hours	- \$12,111 (<i>calculated using minimum wage</i>)

Mr. Gansauer indicated that this is over \$50,000 invested in the Salem area. Gansauer added that all of the City funds stayed inside the City limits. Private funds were used for the projects outside the city limits. Randy Donoho of Grace Nazarene Church and Councilman Jim Koehler of Evergreen Christian Church talked about some of the projects their churches have been involved in. Councilman Koehler added that the Foundation and Mission Salem brought the churches together to make improvements to properties in Salem. Dan Nichols of the Greater Salem Area Foundation/Mission Salem added that some of the churches are now putting money back into the Mission projects. Councilwoman Morgan asked if there is a possibility of more churches getting involved. City Manager Gruen indicated he hopes so, and Councilman Koehler indicated he was contacted by the Lutheran Church indicating they would like to get involved.

Mayor Barbee indicated he would like to see the City continue to support Mission Salem, and we have approximately \$20,000 in UDAG funds from the \$60,000 we started with. Councilwoman Morgan indicated she would like to see \$10,000 of that fund provided to Mission Salem and the remaining \$10,000 used for additional demolitions. **Motion was made by Councilwoman Morgan and seconded by Councilman Farley to allocate \$10,000 in remaining UDAG funds to Mission Salem and \$10,000 for additional demolitions. Roll call vote: AYES: Councilman Farley, Councilman Morton, Councilwoman Morgan, Mayor Barbee. NAYS: None. Councilman Koehler abstained, as he is a member of Mission Salem. Motion carried.** City Manager Gruen advised Mission Salem representatives that he may be able to identify an additional source for the remaining \$5,000 requested. Mayor Barbee stated that he appreciates all the work Mission Salem does and the work of all of the volunteers, and that they are a big asset to the community. City Attorney Mike Jones explained that once the City has a property demolished, a lien is placed on the property for the cost of the demolition. The City rarely gets this back. CE Officer Lusch added that many of the lots where demolition has taken place are too small for new development, and are best used as additional yard space for adjacent properties.

5. Approval to Seek Bids for Demolition of 220 S. Vincent and 335 Porter

Code Enforcement Officer Dave Lusch he has received judge-issued court orders for demolition of 220 E. Vincent and 335 Porter. These two properties are ready for demolition. Lusch indicated he is working on two additional properties that he expects to get the court orders for on Wednesday, which are 409 S. Lincoln and 310 S. Hamilton. In addition to these four properties, there are several more that are in the process.

Councilman Farley indicated he has been approached by potential builders who advised him that they don’t like to build on property where the building has been collapsed into the basement, and asked what the difference in cost is. Director Pruden indicated the cost to haul the debris away doubles the cost of demolition. **Motion was made by Councilman Farley and seconded by Councilman Koehler to approve seeking bids for demolition of 220 S. Vincent St. and 335 W.**

Porter. Roll call vote: AYES: Councilman Farley, Councilman Morton, Councilwoman Morgan, Councilman Koehler, Mayor Barbee. NAYS: None. Motion carried.

6. Second Reading of Enterprise Zone Documents

- a. Intergovernmental Agreement with Marion County**
- b. Property Tax Abatement Resolution**

City Manager Gruen indicated he and Dir. Gustafson have met with Selmaville School, Airport Authority and Kaskaskia College, to date. The Airport Authority and KC have approved the abatement resolution, and Selmaville School has indicated support subject to some answers on State education funding. Gruen added that he and Dir. Gustafson are scheduled to meet with the County next week to present these docs to their County & Community Committee. No action is requested until the December 17th meeting.

7. (RLF Resolution was moved up in the agenda.)

VI. CITY MANAGER REPORT

City Manager Gruen indicated the City received notification from IDOT that they will be preparing to distribute funds for FAU projects. Salem is next on IDOT's list for consideration.

Public Works Director Pruden explained the FAU project process, and indicated some roadways receive FAU designation, as they are used to divert traffic from State highways. Shelby, Boone, Whittaker, Marion, Illinois and S. Hotze are all designated FAU routes. When you use Federal funds you must meet Federal standards. There are six towns in the same group as Salem, and as Salem has the most funds in the pot, we get first swipe. Pruden added that we could use \$500,000 for FY20 and \$500,000 for FY21 or we could leave the funds there for a future project. Pruden suggested the following potential FAU projects:

- S. Marion to The Orchard Shopping Center
- Whittaker St. at the College St. Intersection
- Illinois St. Sidewalks

FAU projects are funded 80% with FAU funds and the City provides a 30% match, which can come from MFT funds.

Mayor Barbee asked how the \$1.1 million was generated. Dir. Pruden responded that it is a calculation that is per capita. Mayor Barbee responded that he would like the City go to the table. Discussion ensued regarding the different possible projects. Councilman Farley suggested fixing the curve on Hawthorn Rd. at the hospital. No action was taken.

VII. CITY ATTORNEY'S REPORT – None.

VIII. FINANCE DIRECTOR'S REPORT – None.

IX. CITY COUNCIL REPORT

Councilman Farley indicated the City Christmas Party is December 14th and he would like to the department heads and employees there.

X. EXECUTIVE SESSION

- 1. 5 ILCS 120/2 (c)(21) – Review of Executive Session Minutes**
- 2. 5 ILCS 120/2 (c)(6) – Setting Price for Sale/Lease of City Real Estate**

Motion was made by Councilman Koehler and seconded by Councilwoman Morgan to enter into Executive Session at 7:12 pm for the purpose of reviewing executive session minutes and setting a price for sale/lease of City real estate. Roll call vote: AYES: Councilman Farley, Councilman Morton, Councilwoman Morgan, Councilman Koehler, Mayor Barbee. NAYS: None. Motion carried. Mayor Barbee indicated there would be a 5-10 minute break before going into executive session.

XI. CITY COUNCIL ACTION (CONT.)

- 8. Approval of Executive Session Minutes from July 6, October 1st and November 5, 2018**
Motion was made by Councilwoman Morgan and seconded by Councilman Koehler to approve the Executive Session minutes of July 6, October 1 and November 5, 2018 as presented, and that they remain closed. Roll call vote: AYES: Councilman Morton, Councilwoman Morgan, Councilman Koehler, Councilman Farley, Mayor Barbee. NAYS: None. Motion carried.

9. Approval of Sale or Lease of City Real Estate

City Manager Gruen indicated he has received an offer to lease with right to purchase property off of N. Hotze Road from Enerpark Solar Development, LLC. Enerpark would gain control of the property for three years for a possible solar project. Enerpark would pay \$5,000 each 180 days, with an option to purchase the property for \$140,100, which is the same price that was offered to Howell Paving. City Attorney Mike Jones indicated he has reviewed the lease/purchase document and has requested that the section pertaining to mediation be removed. Jones added that the City needs to clarify that it will still receive the rent from the farmer. ***Motion was made by Councilman Koehler and seconded by Councilman Farley to authorize the City Manager to enter into a lease with Enerpark Solar Development, LLC for approximately 35-40 acres on the east side of Hotze Road in the Industrial Park for \$5,000/180 days for three years, with the possibility of purchase for \$140,100. Roll call vote: AYES: Councilwoman Morgan, Councilman Koehler, Councilman Farley, Councilman Morton, Mayor Barbee. NAYS: None. Motion carried.***

XII. ADJOURNMENT

As there was no further business to discuss, motion was made by Councilwoman Morgan and seconded by Councilman Morton to adjourn the meeting at 8:10 pm. Roll call vote: AYES: Councilman Koehler, Councilman Farley, Councilman Morton, Councilwoman Morgan, Mayor Barbee. NAYS: None. Motion carried.

Bev Quinn, CMC
City Clerk

Minutes approved: _____