

AGENDA

FINANCE COMMITTEE MEETING

*City of Fairview Heights, IL
Municipal Complex – Conference Room A
Tuesday March 10th, 2015 – 7:00 P.M.*

CALL TO ORDER

1. APPROVAL OF THE MINUTES

- 02 / 10 / 2015
- 02 / 24 / 2015
- 02 / 25 / 2015

2. PUBLIC COMMENTS

3. BILL LIST REVIEW

4. FINANCE DIRECTOR REPORT

5. VOLUME CAP TRANSFER REQUEST

6. HOTEL / MOTEL TAX COMMITTEE RECOMMENDATIONS

- Fiscal Year 2015 - 2016

7. HEALTH INSURANCE RENEWAL

8. HOME RULE SALES TAX ORDINANCE

9. LETTER OF INTENT - MEINEKE

10. STREETScape PROJECT FUNDING

ADJOURN

Memo

To: Elected Officials
From: Scott Borrer - Director of Finance
CC: City Administrator, Directors
Date: March 5th, 2015
Re: Finance Committee Agenda Overview

The minutes from the budget hearings on February 24th and 25th are attached to this packet. The minutes from the regular committee meeting on February 10th were previously distributed.

BILL LIST

Non-reoccurring items of note this month include:

- Patrol Vehicles purchase on page 11.
- Fox Creek engineering services on page 11.
- Lincoln Trail TIF expenses include the annual Intergovernmental Agreement payments, and the demolition expenses. Both items can be found on page 13.

FINANCE DIRECTOR REPORT

- Please find attached copies of an interesting article on Sales Tax trends via the March edition of the IML Magazine.
- Updated pages of the proposed budget that resulted from the budget meetings have been distributed.
- I hope to be able to report on the December sales tax numbers by Tuesday night.

VOLUME CAP TRANSFER

Please find attached the annual request letter from SWIDA for transfer of the City's portion of our volume cap. After consulting with Economic Director Malloy, it's staff recommendation to agree to the request. Depending on development plans, the City may have a use of this in future years.

FYE 2016 HOTEL/MOTEL TAX COMMITTEE RECOMMENDATIONS

A summary memo was previously distributed. Another copy has been included within this packet. A recommendation and motion is requested that will forward an adoption resolution to City Council.

HEALTH INSURANCE RENEWAL

Attached is the summary page outlining the City's Health Insurance renewal, per broker Stewart's report during the budget hearings. A motion is requested to forward the renewal to City Council.

HOME RULE SALES TAX ORDINANCE

As requested during the budget meetings, please find attached a revised version of the "Home Rule Sales Tax" (HRST) ordinance. The only change made is in regards to the allocation percentages between the General Fund (65%) and the HRST Fund (35%). With this change in place, the General Fund proposed budget is now balanced. A motion is requested to forward the amendment to City Council.

LETTER OF INTENT – MEINEKE

Please find attached a revised version of the Letter of Intent between Meineke and the City. The revisions were necessary due to the insertion of the PLA at the City Council meeting on February 17th. Attorney Hoerner will be at the committee meeting to address the item and answer any questions.

STREETSCAPE PROJECT FUNDING

On Tuesday a memo was distributed from Attorney Hoerner and me in regards to the funding schedule of the Streetscape project. As noted in the memo, we can either address this during the new fiscal year or amend the proposed budget on the City Council floor during one of the two readings. Direction is requested from the committee.

As always, please give me a call if you have any questions.

Thanks,
Scott





Municipal Revenue Trends, 2002-2012

BY NORMAN WALZER AND ANDY BLANKE

The Great Recession officially ending in 2010, the subsequent slow recovery, and the current fiscal situation in Illinois have negatively affected revenues available to public agencies, including municipalities. Not only has the revenue growth slowed but in some cases higher expenditures were needed to serve unemployed residents and those in poverty. Perhaps the one positive aspect is that inflation has been relatively low, at least in the private sector.

This article examines revenue sources collected by Illinois municipalities between 2002 and 2012 both in current dollars and adjusted for prices that Illinois municipalities have had to pay for inputs used in providing services. These comparisons use recently released Census of Governments data and include both revenues per capita and distribution by major revenue source. The trends are somewhat difficult to interpret because the recession occurred in this period and data are available at five-year intervals but nevertheless provide insights into resources available.

REVENUE TRENDS

Revenues collected by municipalities differ with needs for public services and structure of the local economy, which compensate comparisons. Above all, local budgets must balance with adequate revenues to support needed services. During the past 10 years or more, municipal revenues have increased in both total dollar amounts and on a per capita basis. The sources of revenues also changed slightly in relative importance during this time.

LOCAL REVENUE SOURCES

In 2002, the average Illinois municipality, excluding Chicago, collected \$1,200 per capita in total revenues (Table 1).¹ By contrast in 2012, the average city collected \$1,558 per person, an increase of 29.8% (current dollars) with a 19.8% increase between 2002 and 2007. Revenue growth between 2007 and 2012, including the recession and recovery period, was slower at 8.4% as one might expect.

In making these comparisons, however, one must recognize that the compensation paid to municipal employees increased as did the prices of goods and other services in this period. Consequently, it cost more for cities to provide essentially the same service in 2012 than it did ten years earlier. The Illinois

Municipal Price Index² which estimates the price increases for goods and services purchased by a sample of Illinois municipalities is used to adjust revenue increases for the impacts of inflation.

The total revenues collected by Illinois municipalities, in constant dollars (2002=100.0), declined during the past 10 years. In 2012, the \$1,558 per capita collected had a purchasing power of only \$1,127 in 2002 dollars, a decline of 6.1%. Several factors explain this trend but mainly that wages and salaries paid by municipalities must keep pace with those in the private sector and are a high proportion of the municipal budget. Thus, increases in wages and salaries can reduce the overall purchasing power of municipalities.

Municipal revenues are grouped in two broad categories: local sources and intergovernmental aid with the latter further subdivided into federal, state, and revenues from other local governments. In most cities, property taxes are a major local revenue source and amounted to \$356 per capita in 2012, an increase from \$206 per capita in 2002 (72.8%) in current dollars. When adjusted for inflation, however, the \$356 per capita represented only \$257 per capita in constant dollars (2002 = 100.0), an increase of 24.9%. Thus property tax revenues grew, in part, out of necessity to meet rising prices for service delivery. Interpreting the changes in property taxes is complicated because the tax revenues lag assessments. Thus, growth in property tax base during a construction boom can yield additional revenues several years later when they are collected. Property taxes also are sometimes used to balance the budget so declines in other major revenue sources may require higher property tax levies to maintain services.

In many cities, especially those with large shopping centers, sales taxes are a significant revenue source and one that can be sensitive to the national recession. In Illinois, sales taxes are collected by point of sale and municipalities have been adversely affected by the growth in Internet sales. In current dollars, sales taxes per capita increased 12.5% in current dollars but when adjusted for inflation, the revenues declined 18.7%. In all probability, as consumer confidence builds during the on-going recovery, sales tax revenues will increase in many cities. However, competition from on-line sales will continue to challenge local sales tax revenues.

TABLE 1. Municipal Revenue Trends (Excluding Chicago)

| Source of Revenue | Dollars Per Capita | | | Percent Change | | |
|---|--------------------|-------|-------|----------------|--------|--------|
| | 2002 | 2007 | 2012 | 02-07 | 07-12 | 02-12 |
| Total Revenue* | | | | | | |
| Current | 1,200 | 1,438 | 1,558 | 19.8% | 8.4% | 29.8% |
| Constant (Adjusted By Municipal Price Index) | 1,200 | 1,182 | 1,127 | -1.5% | -4.7% | -6.1% |
| From Local Sources | | | | | | |
| Current | 808 | 1,055 | 1,151 | 30.6% | 9.1% | 42.5% |
| Constant | 808 | 868 | 832 | 7.4% | -4.1% | 3.0% |
| Property Tax | | | | | | |
| Current | 206 | 296 | 356 | 43.6% | 20.3% | 72.8% |
| Constant | 206 | 243 | 257 | 18.1% | 5.8% | 24.9% |
| Sales Tax | | | | | | |
| Current | 158 | 152 | 177 | -3.3% | 16.3% | 12.5% |
| Constant | 158 | 125 | 128 | -20.5% | 2.3% | -18.7% |
| License Taxes | | | | | | |
| Current | N/A | 44 | 33 | | -24.9% | |
| Constant | N/A | 36 | 24 | | -33.9% | |
| Charges & Fees (Excl. Utilities)** | | | | | | |
| Current | | 187 | 230 | | 23.2% | |
| Constant | | 154 | 167 | | 8.4% | |
| From Federal Government | | | | | | |
| Current | 14 | 19 | 28 | 38.4% | 48.2% | 105.2% |
| Constant | 14 | 16 | 20 | 13.8% | 30.3% | 48.4% |
| From State Government | | | | | | |
| Current | 373 | 355 | 369 | -4.8% | 4.0% | -1.0% |
| Constant | 373 | 292 | 267 | -21.7% | -8.5% | -28.4% |
| From Other Local Governments | | | | | | |
| Current | 6 | 9 | 10 | 42.6% | 16.7% | 66.4% |
| Constant | 6 | 7 | 7 | 17.2% | 2.7% | 20.3% |

Source: U.S. Census Bureau, Census of Government Finances, 2002, 2007, 2012

*Total revenue does not equal the sum of items in table. Non-utility charges, fees, and miscellaneous revenue were excluded in table to conserve space.

**Due to a difference in data available for the 2002 Census of Governments compared to 2007 and 2012, it was not possible to disaggregate utility charges from total charges for 2002.

Charges and fees (excluding utility fees) are another important local revenue source that can be adjusted during difficult economic times. The data on this revenue source was not consistent in the Census of Governments in 2002 so comparisons are made only between 2007 and 2012. In 2012, Illinois cities reported collecting an average of \$230 per capita from user charges, excluding utilities. This was an increase of 23.2% from 2007 in current dollars but an increase of only 8.4% in purchasing power. Since user charges are subject to the discretion of local officials, it is likely that declines in purchasing power from sales taxes may have been partly offset by cities charging for more services.

INTERGOVERNMENTAL AID

Municipalities receive federal assistance from a variety of federal programs and during the period of study, funds were provided through the American Recovery and Reinvestment Act (ARRA). While the funds received from this source were substantial in some cities, they are not continuing funds so they cloud the comparisons. In many instances they may have been spent on one-time capital projects rather than to fund operating programs. Likewise, some funds may have included relatively little local discretionary authority.

REVENUE TRENDS CONTINUES ON PAGE 24

TABLE 2. Distribution of Revenues in Illinois Municipalities, Excluding Chicago

| Source of Revenue | Percent of Total | | |
|----------------------------------|------------------|-------|-------|
| | 2002 | 2007 | 2012 |
| From Local Sources | 67.3% | 73.4% | 73.9% |
| Property Tax | 17.2% | 20.6% | 22.8% |
| Sales Tax | 13.1% | 10.6% | 11.4% |
| License Taxes | N/A | 3.1% | 2.1% |
| Charges & Fees (Excl. Utilities) | | 13.0% | 14.8% |
| From Federal Government | 1.1% | 1.3% | 1.8% |
| From State Government | 31.0% | 24.7% | 23.7% |
| From Other Local Governments | 0.5% | 0.6% | 0.7% |

Source: U.S. Census Bureau, *Census of Government Finances, 2002, 2007, 2012*

REVENUE TRENDS CONTINUES

In 2002, Illinois municipalities, excluding Chicago, received an average of \$14 per capita in Federal intergovernmental aid which increased to \$28 per capita in 2012. Adjusting for inflation, however, means that cities had \$20 per person in purchasing power in 2012, an increase of 48%. The ARRA funds included housing and community development projects (\$9.01 per capita in 2012) as well as highways (\$3.49 per person in 2012) and not all cities received these funds to the same degree. Thus, the impact, while positive, was not all that large because this revenue source was a relatively small part of total revenues and some of the revenues ended with project completions.

Illinois municipalities received much higher amounts from the state government but, as one might guess, these revenues were relatively stagnant, losing in both current and constant dollars in recent years. The two main state shared revenues are the Illinois Redistributive Fund (income tax sharing) and the Motor Fuels Taxes. According to the Census of Governments data, Illinois municipalities received an average of \$373 per capita in state shared revenues in 2002 and in 2012 received an average of \$369 per capita, a decrease of 1.0% in current dollars. When adjusted for inflation, however, the \$369 in 2012 purchased only \$267 in 2002 dollars, thus a decrease of 28.4%. Given the current state of finances in Illinois, the likelihood of increases is not bright.

REVENUE DISTRIBUTION

The past decade or so have also brought several changes in relative importance of revenue sources. For instance, local revenues represented 67.3% of the total revenues in 2002 but by 2012 they had increased to 73.9% indicating greater reliance on local tax bases and economic structure. Within the local revenues, sales taxes declined in importance slightly from 13.1% to 11.4% while property taxes increased from 17.2% to 22.8%. The relatively short period of time for comparison and the intervening recession make it difficult to determine whether this is the start of a longer-term trend.

Revenues received from the state government went from 31.0% of municipal revenues in 2002 to 23.7% in 2012 partly reflecting the fiscal difficulties the state is facing including a slow recovery. While a relatively small share of total municipal revenues, federal revenues increased slightly but, as noted previously, the ARRA funds during this period affect the comparisons.

CONCLUSIONS

The past decade has brought turbulent times for municipal finance in Illinois. The prosperity

and construction during the early 2000s inflated property tax bases in some cities which was then followed by high unemployment and declining tax bases. Increasing competition from Internet sales and realignment of sales practices by large chains resulted in the closing of large retailers and a subsequent loss of local sales taxes.

The above comparisons of revenue trends indicate that cities are relying more on local sources to finance public services than in the past. Dependence on property taxes and user charges seem to be offsetting state aid to finance local services and the prospects for large increases in sales tax revenues will depend on consumer confidence and spending as well as the competition from other sources such as Internet sales. Likewise, the population is aging with a substantial increase in the number of persons 65 years and older. Many of these people vacation outside of Illinois during the winter months and may purchase fewer goods and services because of reduced incomes and needs. Both of these factors work against local sales taxes.

Perhaps the most useful contribution of this analysis has been to see how the price increases of goods and services purchased by municipalities eroded the revenues generated. While, in some instances, it may seem as though revenues have increased substantially, municipalities can actually purchase less and this issue must be factored into decisions about which services can be provided and at what levels.

¹ Revenues are adjusted for population size of city based on Census figures to facilitate comparisons. For 2007, we divided the total revenue by the estimated mid-point between 2000 and 2010 for population. Chicago was removed from the comparisons because of size.

² Norman Walzer and Amanda Davis. "Municipal Price Index for 2013". Illinois Municipal Review, July 2014.

The authors are Senior Research Scholar and Research Associate, respectively, in the Center for Governmental Studies at Northern Illinois University.

Members of the Board:
James Nations, Chair
Khalil El-Amin
Barbara S. Johnson
David A. Miller
John Hipskind
Kevin Kaufhold
Kennard Tucker
Reggie Sparks
Jim Sullivan
David Willey
Greg Kuehnel



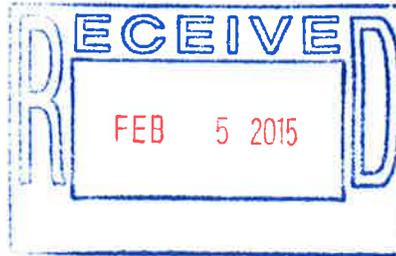
Ex. Officio:
Adam Pollet
Erica Borggren

Executive Director:
Michael J. Lundy

Assistant Executive Director
Joe Gasparich, MBA, CPA

January 30, 2015

The Honorable Gail Mitchell, Mayor
City of Fairview Heights
10025 Bunkum Road
Fairview Heights, IL 62208-1703



Dear Mayor Mitchell:

In the past, home-rule cities and villages have agreed to transfer industrial revenue bond volume cap to SWIDA to assist the development of projects in Bond, Clinton, Madison and St. Clair Counties. SWIDA is once again hoping that the City of Fairview Heights will agree to transfer their private activity industrial revenue bond cap to us prior to the May 1st deadline.

If the City of Fairview Heights does not use its bond volume cap for a project or does not transfer its unused bond volume cap to SWIDA by May 1, 2015, the state requires the cities to return the cap back to the state where it will be used in other parts of Illinois.

SWIDA uses the transferred cap to finance developments in our four-county area. In recent years, SWIDA used bond cap in Belleville, Fayetteville, Greenville and Caseyville. If later in the year the City of Fairview Heights finds it needs the bond cap for a project in the City of Fairview Heights, The City of Fairview Heights can request an allocation from the pool. Since 1989, SWIDA has issued 1.1 billion dollars in revenue bonds to finance projects in its jurisdiction. These projects have built the tax base of the area and created and retained jobs for our citizens.

We would appreciate your help again this year. The process has been simplified, only passing of the enclosed draft ordinance by May 1st is required; no Intergovernmental Agreement is necessary. A copy of the passed ordinance along with the attached draft letter, *Report of Allocation Granted by Home-Rule Units*, needs to be sent to the Governor by May 1st, with a copy to SWIDA. If you have any questions please call me at 618-345-3400. If you would like the documents emailed to you in Word format, please call the above number and ask for Teri.

Sincerely yours,

Michael J. Lundy
Executive Director

(Letterhead of the City)

**REPORT OF ALLOCATION GRANTED
BY HOME-RULE UNITS**

(Date) [Due by May 1, 2015]

Office of the Governor
Governor's Office of Management and Budget
603 Stratton Building
Springfield, Illinois 62706

ATTENTION: Debt Management Unit

Re: **Issuer: City of Fairview Heights**
Total 2015 Volume Cap Allocation: \$1,692,900

Volume Cap allocations transferred by Issuer resolution prior to May 1, 2015: _____
\$1,692,900

If reallocated to another issuer, state name of issuer: Southwestern Illinois Development Authority (SWIDA)

Copies of allocation resolutions or ordinances are attached. (Note: Memorandums of agreements with businesses need not be attached.)

Total Allocation Granted or Reallocated: \$ \$1,692,900

Sincerely,

(Signature of authorized public official)
(Title)
(Telephone number)

ORDINANCE NO. _____

AN ORDINANCE APPROVING THE TRANSFER OF VOLUME CAP IN CONNECTION WITH PRIVATE ACTIVITY BOND ISSUES, AND RELATED MATTERS.

WHEREAS, THE CITY OF FAIRVIEW HEIGHTS, Illinois (the "*Municipality*") is a municipality and a home rule unit of government under Section 6 of Article VII of the 1970 Constitution of the State of Illinois; and

WHEREAS, Section 146 of the Internal Revenue Code of 1986, as amended (the "*Code*"), provides that the Municipality has volume cap equal to \$95 per resident of the Municipality in each calendar year, which volume cap may be allocated to certain tax-exempt private activity bonds; and

WHEREAS, the Illinois Private Activity Bond Allocation Act, 30 *Illinois Compiled Statutes 2008*, 345/1 *et seq.*, as supplemented and amended (the "*Act*"), provides that a home rule unit of government may transfer its allocation of volume cap to any other home rule unit of government, the State of Illinois or any agency thereof or any non-home rule unit of government; and

WHEREAS, it is now deemed necessary and desirable by the Municipality to transfer its entire volume cap allocation for calendar year 2015 to the Southwestern Illinois Development Authority (the "*Issuer*") to be applied toward the issuance of private activity bonds by the Issuer (the "*Bonds*") or for such other purpose permitted by this Ordinance;

NOW, THEREFORE, Be It Ordained by the City Council of the City of Fairview Heights, Illinois, as follows:

SECTION 1. That, pursuant to Section 146 of the Code and the Act, the entire volume cap of the Municipality for calendar year 2015 is hereby transferred to the Issuer, which shall issue the Bonds using such transfer of volume cap, without any further action required on the part of the Municipality, and the adoption of this Ordinance shall be deemed to be an allocation of such volume cap to the issuance of the Bonds or such other bonds.

SECTION 2. That the Municipality and the Issuer shall maintain a written record of this Ordinance in their respective records during the term that the Bonds or any other such bonds to which such volume cap is allocated remain outstanding.

SECTION 3. That the Mayor, the City Clerk and all other proper officers, officials, agents and employees of the Municipality are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents and certificates as may be necessary to further the purposes and intent of this Ordinance.

SECTION 4. That the provisions of this Ordinance are hereby declared to be separable, and if any section, phrase or provision of this Ordinance shall for any reason be declared to be invalid,

such declaration shall not affect the remainder of the sections, phrases and provisions of this Ordinance.

SECTION 5. That all ordinances, resolutions or orders, or parts thereof, in conflict herewith are, to the extent of such conflict, hereby superseded; and that this Ordinance shall be in full force and effect upon its adoption and approval.

Presented, passed, approved and recorded this ___ day of _____, 2015.

Approved:

Gail Mitchell, Mayor

[SEAL]

ATTEST:

City Clerk

Ayes: _____

Nays: _____

Absent or Not Voting: _____

Memo

To: Elected Officials
From: Scott Borrer - Director of Finance
CC: City Administrator, Directors
Date: February 19, 2015
Re: Hotel / Motel Sub-Committee Recommendations

The committee met Wednesday, February 18th. The following table summarizes the requests presented to them and subsequent recommendations to the Finance Committee:

| Applicant | Request | Recommendation |
|----------------------------|------------|----------------|
| Midwest Salute to the Arts | \$ 45,000 | \$ 45,000 |
| Violence Prevention Center | \$ 2,500 | \$ 2,500 |
| Midwest Wingfest | \$ 40,000 | \$ 40,000 |
| Tourism Bureau of SW IL | \$ 25,000 | \$ 25,000 |
| FH Homecoming | \$ 3,000 | \$ 3,000 |
| Chamber of Commerce | \$ 14,400 | \$ 14,400 |
| <i>Totals</i> | \$ 129,900 | \$ 129,900 |

The proposed budget distributed last week includes \$150,000 in the Mayor/City Council Department budget. As you know, the City Council annually adopts a funding resolution for this program. A motion will be needed at either next week's budget review meetings or as a separate item on a future Finance Committee meeting.

Thanks,
Scott



**CITY OF FAIRVIEW HEIGHTS
BENEFITS RENEWAL REVIEW 2015**

MEDICAL- Benefit Change to equate to ACA definitions

| | |
|---|------------------------|
| 1) Calculated Renewal Action | 15.62% increase |
| 2) Initial Recommended Renewal Action | 9.00% increase |
| 3) Second Renewal Offer | 7.5% increase |
| 4) Final Renewal Offer with Consulting Agreement | 2.0% increase* |

LIFE - No Benefit Change **No change**

DENTAL- No Benefit Change

| | |
|---|------------------|
| 1) PPO Recommended Renewal Action | 3% |
| 2) DHMO Recommended Renewal Action | 3% |
| 3) PPO Final Renewal Action | No change |
| 4) DHMO Final Renewal Action | No change |

VISION-No Benefit Change

| | |
|---------------------------------------|-----------|
| 1) Recommended renewal action | 5% |
| 2) PendingFinal Renewal Action | 5% |

***2.0% renewal action is for renewal benefits adjusted to equalize benefits for change in ACA definition of Out of Pocket Maximum definition and change in administration**

TAXATION 36-1-1

CHAPTER 36

TAXATION

ARTICLE I – SALES TAX – HOME RULE

36-1-1 POWER. The City of Fairview Heights, through its duly elected Corporate Authorities, shall possess and exercise only those Home Rule powers and functions that are necessary to impose a tax upon all persons engaged in the business of selling tangible personal property other than an item of tangible personal property titled or registered with an agency of this State's government at retail in this City at a rate percent of the gross receipts from such sales made in the course of such business of making sales of service at a rate percent of the selling price of any tangible personal property transferred by such serviceman as an incident to sale of service.

36-1-2 RESTRICTION. The City of Fairview Heights shall exercise no other Home Rule powers and functions other than those specifically set forth in **Section 36-1-1** herein.

36-1-3 (1%) TAX. A tax hereby imposed upon all persons engaged in the business of selling tangible personal property, other than an item of tangible personal property titled or registered with an agency of this State's government, at retail, in this municipality at the rate of **one percent (1%)** of the gross receipts from such sales made in the course of such business while this Code is in effect; and a tax is hereby imposed upon all persons engaged in this municipality in the business of making sales of service, at the rate of **one percent (1%)** of the selling price of all tangible personal property transferred by such serviceman as an incident to a sale of service. The City shall hereby utilize no less than ~~thirty-five percent (35%)~~ of the Home Rule Tax collected for infrastructure improvement; these improvements shall include for the improvement/replacement of City streets, sidewalks, drainage, infrastructure, maintenance of City owned property and purchase of equipment and material for these items. The remaining ~~sixty-five percent (65%)~~ of Home Rule funds shall be designated by City Council in the annual City Budget. These funds may be utilized for the operation of the City, with priority towards maintaining our City's infrastructure. These funds shall provide for the hiring of a City Administrator for the day-to-day operation of the City as approved by Council. Upon approval of this Chapter, the City shall include a City Administrator in the next annual City budget, and the Personnel Committee, with advice and consent of Council shall outline the hiring process, reporting structure, as well as the salary and benefits. The salary, benefits and support cost for a City Administrator shall be paid from these Home Rule funds. Any surplus in Home Rule funds shall be designated for Infrastructure Improvement.

Deleted: forty

Deleted: 4

Deleted: fifty

Deleted: 5

TAXATION 36-1-4

The imposition of these Home Rule taxes are in accordance with **Sections 5/8-11-1** and **8-11-5** of the Illinois Municipal Code, respectively (**65 ILCS 5/8-11-1** and **65 ILCS 5/8-11-5**). (**Ord. No. 1610-13; 03-19-13**)

36-1-4 **PROCEDURE.** The taxes hereby imposed, and all civil penalties that may be assessed as an incident thereto, shall be collected and enforced by the Department of Revenue of the State of Illinois. The Department of Revenue shall have full power to administer and enforce the provisions of this Code.

36-1-5 **DIRECTION.** The Municipal Clerk is hereby directed to file a certified copy of this Code with the Illinois Department of Revenue on or before the **first (1st) day of September, 2004.** (**Ord. No. 1203-04; 08-17-04**)

36-1-6 **VALIDITY.** That in the event any section or provision of this Code or any portion thereof shall be held to be unconstitutional, unenforceable or void by the highest reviewing court upon the exhaustion of all appeals, the Corporate Authorities shall pass a Resolution calling for a referendum at the next scheduled regular election in which the voters of the City of Fairview Heights shall elect whether or not to remain a Home Rule Unit.

(Ord. No. 769-93; 05-04-93)

Scott Borrer

From: Kevin Hoerner <kth@bhtylaw.com>
ent: Thursday, March 05, 2015 10:12 AM
ro: Mike Malloy; Scott Borrer
Subject: Meineke - Letter of Intent
Attachments: 2015 03 05 Letter of Intent - Meineke.doc

Mike, please see attached. I changed the date and edited paragraph E on page 2 regarding Developer's responsibilities. I believe this is consistent with the earlier language, including Alderman Baricevic's modification, and it is also consistent with Dale Stewart's expectations under a PLA based upon my conversation with him. Let me know if you need anything further.

Kevin

Kevin T. Hoerner
Attorney at Law
Becker, Hoerner, Thompson & Ysursa, P.C.
5111 West Main Street
Belleville, Illinois 62226
Phone: 618.235.0020

This e-mail is covered by the Electronic Communications Privacy Act, 18 U.S.C. Sections 2510-2521, is legally privileged and may contain attorney-client or attorney opinion and work-product information. Unauthorized review, use, disclosure or distribution is strictly prohibited. If you are not the intended recipient, please contact the sender at 618.235.0020, or reply by e-mail and destroy all copies of the original message. Thank you.

Please consider the environment before printing this e-mail.



CITY OF FAIRVIEW HEIGHTS

10025 Bunkum Road ♦ Fairview Heights, Illinois 62208 ♦ Phone: (618) 489-2000 ♦ www.cofh.org

March 5, 2015

Mr. Dirk Schaumleffel
DBA Illinois Undercar Services
2307 Old Collinsville Road
Belleville, IL 62221

RE: LETTER OF INTENT — 10712 Lincoln Trail, Meineke Muffler

Dear Mr. Schaumleffel:

This will confirm that Mr. Dirk Schaumleffel ("Developer") has applied for benefits under the City of Fairview Heights' Business Assistance Program (Application No. 1-14). The purpose of this Letter of Intent is to memorialize the preliminary requests of the City of Fairview Heights ("City") and the Developer, with respect to the project (Meineke Muffler) as proposed by the Developer at 10712 Lincoln Trail, Fairview Heights, IL 62208 ("Project"). The parties mutually acknowledge and understand that this Letter of Intent is a non-binding document intended only to describe the respective expectations of the parties. The parties mutually acknowledge and understand that, should the Fairview Heights City Council ("City Council") approve this Letter of Intent, the parties will negotiate and submit to the City Council for review a proposed Development Agreement between the Developer and the City, to be executed by Mayor Gail D. Mitchell, City of Fairview Heights ("Mayor") following approval by the City Council. While the parties will endeavor to draft the proposed Development Agreement using provisions consistent with the terms provided herein, the parties mutually acknowledge and understand that the City Council may revise, delete or recommend different or additional terms. The parties mutually acknowledge and understand that said proposed Development Agreement cannot be executed by the Mayor absent the approval of the City Council. Subject to and without waiving any of the foregoing:

The Developer represents that Business Assistance Program monies are necessary to complete the proposed project. Further, the Developer estimates the total development costs to allow such a construction project to occur to be excess of \$498,925.00.

The City understands that the likelihood of the proposed project, as envisioned, is contingent upon the infusion of public funds and "but for" this public assistance, the project would not go forward.

Listed below are the major responsibilities of each party. Upon approval of this Letter of Intent by the City Council, provisions consistent with these responsibilities shall ultimately be made a part of an overall Development Agreement between the Developer and the Mayor.

Proposed Responsibilities of the City of Fairview Heights

1. Provide to Illinois Undercar Services \$24,946.25 after six (6) months of operation; provide an additional \$24,946.25 after the first year of operation and final \$24,946.25 after the 2nd year of operation with total City financial participation not to exceed \$74,838.75.

Responsibilities of Developer

- A. Invest no less than \$498,925.00 in the project.
- B. Retain 3 FTE jobs and create 1 FTE job after six (6) months of operation and after 2 years of operation, retain 3 FTE jobs and create 2 FTE jobs.
- C. Create sales after the 1st year of operation generating no less than \$247,500.00 in sales annually and continue to generate no less than \$247,500.00 of sales annually for the next four (4) years.
- D. Developer, heirs, and successors agree to remain open as an auto repair facility at 10712 Lincoln Trail for no less than seven (7) years.
- E. Developer shall comply with all existing and applicable Federal, State, County, and Local laws and ordinances, including, but not limited to, those which establish the applicable prevailing wage to be paid by Developer to workers on the Project. Developer, like the City, acknowledges the value of trade unions in construction projects, as demonstrated by the passage of Resolution No. 3887-2015, and agrees that 100% of Developer's labor will be provided by contractors using labor provided by participating member trade unions affiliated with the Southwestern Illinois Building and Trades Council.
- F. Developer shall obtain all insurance coverages required by City Code Section 37-4-1 and name the City of Fairview Heights as an additional insured on the policies of insurance specified therein.
- G. Developer agrees to reimburse the City for all public funds abated and or provided to date under the prior section, entitled "Responsibility of the City of Fairview Heights," in the event that it fails to meet the obligations set forth in the Development Agreement.
- H. Developer agrees to complete and return annually a Development Agreement Reporting Form.
- I. Agree to construct the building and site in conjunction with BAP Application and consistent with the sixteen (16) Lincoln Trail Corridor Development Standards contained within the plans as submitted on 12-30-14 and revised on 1-13-15.

The City trusts that the content of this Letter of Intent, which outlines proposed public participation in the project through providing Business Assistance Program monies in the estimated amount of \$74,838.75, confirms the City's desire to work with Developer and for Developer to remain and expand its facility in the City of Fairview Heights.

This non-binding Letter of Intent must be approved by the City Council before a Development Agreement can be drafted. Upon approval by the City Council, provisions consistent with the terms set forth herein shall be made part of the proposed Development Agreement.

I believe this Letter of Intent accurately characterizes the understanding and expectations of the respective parties regarding the project, but if you should disagree, please provide clarification in writing at your earliest convenience.

Yours truly,

Mike Malloy, AICP
Director of Economic Development City of Fairview Heights, IL

Attachments

EXHIBIT A
AMENDED DEVELOPMENT PLAN

EXHIBIT D
4'X8' TEMPORARY SIGN

EXHIBIT E
REIMBURSEMENT OR PAYMENT REDUCTION FORMULA

Memo

To: Elected Officials
From: Kevin Hoerner, City Attorney *KTH*
Scott Borrer, Finance Director *SEB*
CC: CA Snider, Directors
Date: March 2nd, 2015
Re: Phase 1 Funding – Lincoln Trail Streetscape

Based on the work done within each phase, we have identified a possible statutory concern in regards to how the proposed budget displays the funding sources of the four phases of the Streetscape Project (LAND-30 on page 116). Thus, it's our recommendation to slightly alter the funding sources of the phases. This would be a simple timeline adjustment as to when the TIF Funds are utilized versus when the Home Rule Sales Tax funds are used. Upon completion of the total project, the amount used from each source would be the same. Our recommendation is the following:

| | SOURCES | FYE 2016 | FYE 2017 | FYE 2018 | FYE 2019 | TOTALS |
|----------------|----------------|---------------------|-------------------|-------------------|-------------------|---------------------|
| CURRENT | TIF #13 | \$ 420,000 | \$ 191,000 | \$ 480,000 | \$ 270,000 | \$ 1,361,000 |
| | Home Rule Fund | \$ 302,000 | \$ 400,000 | \$ 400,000 | \$ 400,000 | \$ 1,502,000 |
| | Grants | \$ 568,000 | | | | \$ 568,000 |
| | Donation | \$ 100,000 | | | | \$ 100,000 |
| | | <u>\$ 1,390,000</u> | <u>\$ 591,000</u> | <u>\$ 880,000</u> | <u>\$ 670,000</u> | <u>\$ 3,531,000</u> |
| REVISED | TIF #13 | \$ - | \$ 331,000 | \$ 620,000 | \$ 410,000 | \$ 1,361,000 |
| | Home Rule Fund | \$ 722,000 | \$ 260,000 | \$ 260,000 | \$ 260,000 | \$ 1,502,000 |
| | Grants | \$ 568,000 | | | | \$ 568,000 |
| | Donation | \$ 100,000 | | | | \$ 100,000 |
| | | <u>\$ 1,390,000</u> | <u>\$ 591,000</u> | <u>\$ 880,000</u> | <u>\$ 670,000</u> | <u>\$ 3,531,000</u> |

At some point it will require an adjustment to the budget. It doesn't matter if it is done as part of the approval process underway, or amended at a later time. Please consider this issue at the next Finance Committee meeting.