City of Pekin

SPECIAL COUNCIL MEETING
MONDAY, SEPTEMBER 21, 2015
5:00 P.M.

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1.0 CALL TO ORDER		
2.0 PLEDGE OF ALLEGIANCE *Mayor John McCabe*		
3.0 ROLL CALL *Clerk to Call the Roll*		
4.0 APPROVAL OF AGENDA ***ACTION:*** *Motion to approve the meeting agenda.* ***VOTE REQUIRED***		
5.0 PUBLIC INPUT		
6.0 UNFINISHED BUSINESS		
6.1 Ordinance No. 2725-15/16 – Amending Title 3, Chapter 2, Section 1,2 and 3 of the Code of the City of Pekin 1995 Regarding Municipal Taxation **DESCRIPTION:** Amends Home Rule Municipal Retailer Occupation Tax rate to establish separate special revenue fund from existing sales tax rate of 1 ¼% to new rate of 1 ¾% of the gross receipts from sale of tangible personal property. **ACTION:** Motion to adopt the ordinance. **VOTE REQUIRED**	DG	1
7.0 ANY OTHER BUSINESS TO COME BEFORE THE COUNCIL		
8.0 ADJOURN **No Vote Required**		

Column 1 Key: City Manager Darin Girdler

Column 2 Key:

1 **A Prosperous Community.** To promote and sustain a balanced economy that supports expansion and retention of family-wage jobs.
2 **A Safe Community.** To protect community life and property by providing effective, principled police and fire services.
3 **A Strong Foundation.** To improve and maintain existing infrastructure and leverage opportunities for new infrastructure.
4 **A High Quality of Life.** To support or provide services that improve the quality of life for Pekin's residents.
5 **An Effective Government.** To deliver effectively the services that Pekin's residents want, need, and are willing to support.

WELCOME TO A MEETING OF THE PEKIN CITY COUNCIL

All persons present are asked to conduct themselves in a polite, respectful and professional manner.

All meetings of the city council of the City of Pekin are a deliberative and legislative assemblage and not a public forum. The purpose of these meetings is to conduct city business. The city council considers both oral and written communications in making and establishing policies.

All city residents, property owners, business members and other interested parties are invited to address the council at the designated time (public input) for a period of 5 (five) minutes. All questions shall be directed to the council as a whole and not individual members. It is strongly encouraged that all questions shall first be directed to the appropriate personnel at the City Municipal Building or other city office before bringing them to the city council.

Because all meetings of the Pekin City Council are a matter of public record, each speaker, when recognized by the Mayor or his designee, shall give their full name.

Council members may appropriately interrupt a speaker to ask questions necessary to clarify the speaker's comments. In most cases, the council will not answer questions from the public at the council meeting, but will respond to the individual in due time. All questions requiring a researched answer shall be submitted in writing and turned to the city clerk. Please provide your name and contact information so that we can get back to you in a timely manner. The Council cannot address questions involving litigation, possible litigation or employee matters.

Any charges or complaints against individual employees of the City of Pekin shall be presented to the city manager in writing with specific information, and shall be signed by the person or persons lodging the charges or complaints. Pursuant to the Illinois Privacy Act, no person shall be permitted to present orally or discuss at any open meeting, charges against any city employee.

Pekin
ILLINOIS

REQUEST FOR COUNCIL ACTION – **Ordinance to amend Home Rule Municipal Retailer Occupation Tax rate from 1 ¼% to 1 ¾% to generate a separate special revenue fund with the new half (1/2) cent.**

To: Mayor and Council

CC: Darin Girdler, City Manager

From: Economic Development Advisory Committee

AGENDA ITEM: **Ordinance to amend Home Rule Municipal Retailer Occupation Tax rate to establish separate special revenue fund**

AGENDA DATE REQUESTED: September 14, 2015

ACTION REQUESTED: Ordinance to amend Home Rule Municipal Retailer Occupation Tax rate from 1 ¼% to 1 ¾% to generate a separate special revenue fund with the new half (1/2) cent.

DESCRIPTION: Economic Development Advisory Committee brought a potential revenue stream of a Business District to support development and infrastructure before City Council at the June joint meeting. Discussions continued with resources on Business District to realize the cost and constraints with the Business District. The EDAC presented Council on August 24 to use Home Rule instead of the Business District to eliminate cost to establish the new revenue shared tax (non-residents and residents) to Pekin's Retailer Occupation Tax throughout the City limits. Request is for approval by Mayor and Council to amend Home Rule Municipal Retailer Occupation Tax rate by ordinance to increase sales tax from 1 ¼% to 1 ¾% creating a Special Revenue Fund with two (2) separate departments with each receiving 50% of the fund revenue. The Home Rule tax does NOT apply to groceries, prescription drugs, vehicle sales or anything titled to the State. The Economic Development Investment Fund receiving 50% of the funds to increase Pekin's economy by investing in development projects that generate a return to the general fund on sales tax, property tax, jobs, construction impact, motor fuel, food and beverage and gaming tax. The other separate department receiving 50% for infrastructure and road improvements to match other funds for road projects or assist in road improvements by 3rd party vendors.

FINANCIAL IMPACT: New estimated revenue of $1,600,000 with 50% dedicated to Economic Development Investment Fund and 50% dedication to Infrastructure and Road Improvements

NEIGHBORHOOD CONCERNS: NA

IMPACT IF APPROVED: Build revenue growth and advance infrastructure and road improvements

IMPACT IF DENIED:

ALTERNATIVES:

RELATIONSHIP TO THE CONCEPTUAL PLANNING PROCESS: [check no more than 2 boxes. Copy this check mark √ and paste it to the left of the relevant theme.]

X	**A Prosperous Community.** To promote and sustain a balanced economy that supports expansion and retention of family-wage jobs.

	A Safe Community. To protect community life and property by providing effective, principled police and fire services.
	A Strong Foundation. To improve and maintain existing infrastructure and leverage opportunities for new infrastructure.
	A High Quality of Life. To support or provide services that improve the quality of life for Pekin's residents.
	An Effective Government. To deliver effectively the services that Pekin's residents want, need, and are willing to support.
REQUIRED SIGNATURES	
Department Director: Date:	
Finance Department (Certification of Availability of Funds): Date:	
Corporation Counsel: Date:	
City Manager: Date:	

ORDINANCE NO. 2725-15/16

AN ORDINANCE AMENDING TITLE 3, CHAPTER 2 SECTIONS 1, 2 AND 3 OF THE CODE OF THE CITY OF PEKIN 1995 REGARDING MUNICIPAL TAXATION

WHEREAS, the Code of the City of Pekin 1995 was adopted on April 10, 1995, and duly published in book form; and

WHEREAS, under Article VII, Section 6(a), of the Illinois Constitution of 1970, the City of Pekin is a home rule municipality, and desires to exercise its rights and powers as a home rule municipality in this matter; and

WHEREAS, the City Council has determined that it is in the best interests of the City to amend the City Code regarding Municipal Taxation.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF PEKIN, ILLINOIS:

1. That Title 3, Chapter 2, Section 1A be amended by deleting the existing rate of

   1 1/4%, and inserting the new rate of 1 3/4% as per the following language:

A. Tax Imposed: A tax is 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 (1 3/4%) of the gross receipts from such sales made in the course of such business in accordance with the terms, conditions and limitations of Chapter 65 ILCS 5/8-11-1.

2. That Title 3, Chapter 2, Section 2A be amended by deleting the existing rate of 1 1/4%, and inserting the new rate of 1 3/4% as per the following language:

A. Tax Imposed: A tax is hereby imposed upon all persons engaged in the business of making sales of service at the rate of (1 3/4%), as imposed by Section 3-2-1A hereof, of the selling price of all tangible personal property transferred by such servicemen, either in the form of tangible personal property or in the form of real estate as an incident to a sale of service in accordance with the terms, conditions and limitations of Chapter 65 ILCS 5\8-11-5.

3. That Title 3, Chapter 2, Section 3A be amended by deleting the existing rate of 1 1/4%, and inserting the new rate of 1 3/4% as per the following language:

A. Tax Imposed: A tax is hereby imposed in accordance with provisions of Chapter 65 ILCS 5/8-11-6 upon the privilege of using in the City any item of tangible personal property which is purchased at retail from a retailer and which is titled or registered with the state at a location within the City. This tax shall be at rate of (1 3/4%) of the selling price of such tangible personal property with "selling price" to have the meaning as defined in the "Use Tax Act", approved July 14, 1955, as amended. Such tax shall be collected from retailers whose Illinois address for titling or registration purposes is given as being in the City.

4. Furthermore, the proceeds from this half (1/2) percent increase of the home rule sales tax shall be placed in a separate special revenue fund, with two (2) separate departments, within the City and its' investments. 50% of the proceeds to an allocated department and, shall be used and expended only pursuant to the Economic Development Investment Fund, for which proposals will be vetted by the Economic Development Advisory committee with recommendation submissions to City Council based on the return on investment analysis guidelines, and according to its' rules and regulations for use. The other 50% of the proceeds to an allocated department and, shall be used for infrastructure and road improvements, for work performed by third parties. All dollars issued by either department under the separate special revenue fund requires final City Council approval.

BE IT FURTHER ORDAINED that all other parts of the Code of the City of Pekin 1995 as amended except as modified herein are hereby reaffirmed and ratified and are in full force and effect.

BE IT FURTHER ORDAINED that all Ordinances or parts of ordinances in conflict herewith are hereby repealed.

BE IT FURTHER ORDAINED that this Ordinance shall be in full force and effect upon its passage and approval and publication as required by law.

PASSED AND APPROVED at a regular meeting of the City Council of the City of Pekin, this ____ day of _______________, 2015; and upon roll call the vote was as follows:

AYES: _______________

NAYS: _______________

ABSENT: _______________

ABSTAINING: _______________

APPROVED this ____ day of _______________, 2015.

____

MAYOR

ATTEST:

CITY CLERK

7.3 Resolution No. 8-15/16 – Mayor's Appointment of Chris Lang to the Zoning Board of Appeals to fill the unexpired term of Barry McGinnis until May 31, 2017.
7.4 Receive and File: Pekin Planning Commission Minutes dated August 19, 2015.
7.5 Receive and File: Pekin Planning Commission Recommendations and Hearings: Hearing #04-1895–Recommendation to approve the rezoning from OS-1 (Office Service District) to B-3 (General Business District) located at 2301 Court Street (Re-Max Office) in Tazewell County, Illinois. Hearing #04-1896–Recommendation to approve the rezoning from OS-1 (Office Service District) to B-3 (General Business District) located at 2307 Court Street (Old Ponderosa) in Tazewell County, Illinois. Hearing #04-1897–Recommendation to approve the rezoning from B-1 (Local Business District) to B-3 (General Business District) located at 2217 Court Street (Former Fiesta Rancharo) in Tazewell County, Illinois.

A response to a question posed by the Mayor on the fire report of "good intent call" and "false alarm calls" was given by Fire Chief Nelson. On roll call vote Ayes, Orrick, Abel, Ritchason, Luft, Dunn, McCabe; Nay Golden. Motion Carried.

COMMUNICATIONS, PETITIONS, REPORTS

Bill Fleming representing the members of the Economic Development Advisory Committee presented to the Council the Committee's proposal and recommendation of an additional ½% to the City of Pekin Home Rule Sales Tax, with a ¼% allocated to fund economic development and the other ¼% allocated to fund infrastructure and improvements. He advised the Council of the costs and constraints realized after a discussion in June for a potential revenue stream of a Business District. Because the City of Pekin had been unable to fund the Pekin Economic Development Investment Fund (PEDIF) for the past 3 years and the cost of road and infrastructure maintenance and improvements continues to increase at a pace greater than the City 's revenues, the committee asked the Council to adopt the increase by ordinance. The intention of the proposal was to strictly limit the expenditures to economic development and infrastructure, to separate funds and accounting to ensure accountability and transparency by ordinance. He advised annualized, the new tax would generate about $800,000 additional revenue to economic development and infrastructure and roads would likewise receive an estimated $800,000 based on present sales tax numbers. Mr. Fleming encouraged the Council to consider the adoption of an ordinance in September in order to comply with statutes to have paperwork to the State by October1, 2015 for January 1, 2016 implementation.

NEW BUSINESS

The following rezoning ordinances were presented as recommendations of the Planning Commission and questions from the Council were addressed by Code Enforcement Officer Ron Sieh. He advised that the City, on behalf of the property owners asked to rezone the parcels in an appropriate use in a B-3 District. Leaving the zoning in an Office Service District could impede development. As an example Mr. Sieh told Council one of the owners had lost a sale due to non-conforming zoning. Also 2 of the 3 parcels, old Ponderosa and Fiesta Rancharo were considered non-conforming uses due to the approval of liquor licenses obtained for the businesses occupying the structures in the past.

ORDINANCE NO. 1568-A200-15/16
PROVIDING FOR THE REZONING OF CERTAIN PROPERTY
2301 COURT STREET
PIN 04-10-01-407-008

Motion by Council Member Orrick, seconded by Council Member Luft that Ordinance No.1568-A200-15/16 be adopted. The ordinance provided for the rezoning of property from OS-1 (Office Service District) to B-3 (General Business District). On roll call vote; Ayes, Orrick, Abel, Ritchason, Luft, Dunn, McCabe; Nay Golden. Motion Carried.

ORDINANCE NO. 1568-A201-15/16
PROVIDING FOR THE REZONING OF CERTAIN PROPERTY
2307 COURT STREET
PIN 04-10-01-407-009

Motion by Council Member Ritchason, seconded by Council Member Dunn that Ordinance No.1568-A201-15/16 be adopted. The ordinance provided for the rezoning of property from OS-1 (Office Service District) to B-3 (General Business District).On roll call vote; Ayes, Orrick, Abel, Ritchason, Luft, Dunn, McCabe; Nay Golden. Motion Carried.

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**PROCEEDINGS OF THE SPECIAL MEETING
OF THE CITY COUNCIL OF THE CITY OF PEKIN, ILLINOIS,
HELD IN THE COUNCIL CHAMBERS OF CITY HALL
111 SOUTH CAPITOL STREET
ON MONDAY, JUNE 15, 2015 AT 5:00 O'CLOCK P.M.**

John McCabe * MAYOR * PRESIDING

PRESENT: COUNCIL MEMBERS, ABEL, DUNN, GOLDEN, ORRICK, LUFT, RITCHASON
****

Mayor McCabe called the Economic Development Advisory Committee (EDAC)Work Session with City Council to order and led the **Pledge of Allegiance**.

Roll was called. All members were physically present, except Rusty Dunn. A quorum was present.

AGENDA
Motion by Council Member Orrick, seconded by Council Member Dunn that the agenda be approved as presented. On roll call vote all present voted Aye.

Public Comment
Ann Witzig asks if there were 38 prospects for Asian Carp. Mayor McCabe tells her there is no document at this time as the Council chose not to receive and file it.

Mayor McCabe welcomes everyone and turns the meeting over to Andy Sparks, EDAC, Chairman. Andy Sparks thanks the council and public for attending and will give them the history and tools and then will ask them to review a case study. The following EDAC members were present at the meeting Carol Shields, Bob Hailey, Bill Fleming, Leigh Ann Brown, Dennis Keif, Mack Cakora, Laurie, Barra, Jim Wolf, Greg Ratliff, Danielle Owens, Burt Dancey was also present along with Sarah Newcomb Deputy City Clerk. Sparks states the EDAC mission and purpose and explains the EDAC is a recommending team with knowledgeable, educated and diverse people on the committee.

Denny Kief gives a history of EDAC from 1984-2010; in 1989 the city's tax rate was $3.49/100 EAV and council decided to utilize city home rule abilities to dilute the tax base to non-residents and to create new revenue in 2010 the tax rate 1.32/100 EAV a 62% reductions. 75% of economic growth comes from local business and lessens the burden on households by bringing head of household jobs. Negative attitudes are especially derogative to development, especially that by elected officials. In 1986 two TIF districts were created, one has expired and one will expire in 2021. Excel Foundry and the Windfarm have also benefited from TIF districts. ED requires a team effort and relationships are important including state and federal and regulatory relationships. The City has used several tools for the ED projects, in fact most of the business park was funded by Grants. Veterans drive most likely would not have been possible without the city gas tax and therefore made us shovel ready. The FBOP began negotiations for FCI-Pekin and the City was given 165 acres of property and the business park was created this allowed the buffer between residential areas and the prison, as well as infrastructure projects; FCI Pekin paid for the improvements at the Manito Blacktop and the improvements to WWTP. In 2010 FCI-Pekin announced potential expansion plans. Riverway Business Park has now been expanded to over 400 acres. The

City also has a history of working with residential contractors as well. Over past 3 years the EAV and sales tax have started lagging and the council needs to work closely with EDAC as competing regions are the trend – we don't compete with Peoria, we compete with other regions. The City needs to have new tools in its toolbox.

Keif and Sparks touch on TIF districts and Leigh Ann Brown states the Interior Program and Façade Programs have been successful in the central business districts. Brown continues explaining the Enterprise Zone expires in 2016. A new application in partnership with Morton, Tremont and Tazewell County is under review at the state and includes the 5 year property tax abatement and permit fees waivers for qualifying projects. More than 425 projects have been created and 2500 jobs created. Brown walks them through a typical processes of State Leads with little details, but a long list of requirements for the project's success. She shares an old example of that type of project with the council. Sites are often logged, so the more we bid on, the more likely we are to be recognized. We can be more creative with prospects when we own property. The North Business Park and Veterans Drive corridor will be the growth area, we have several prospects now including the Progressive Health Systems and she feels they will spur development in that area. She shares examples of design concepts of maps and information we share with prospects.

Bill Fleming shares the City and Chamber have been working on Veterans Drive since 60s when the funding was available, however the project did not happen. Carol Shields put together the Transportation Committee and made the road happen and they continue to work with the Transportation Committees in Springfield. Shields points out the dedication of people on the committee and she spends a lot of time and literally days with the legislative members and the success of Veterans is well deserved. She give City staff an "A" for the City's response to get information to the legislators and the quality of information and she encourages the Council to talk to anyone on the committee. Brown says the connection to 4-74 is important because interstate access is crucial for products, but also for work force as well. Having rail, air and roadways is critical. The Comprehensive Economic Development Strategy (CEDS) plan was submitted which include Front St and Veterans DR. North. Currently there are 400 employees on Front St. and all of the businesses there can grow, so Front St. is a $6m project and could be seen as a top rated project. The Quality of Life component and downtown redevelopment and the goal of TIF is to enhance properties and improve tax base and those projects create food and beverage, gaming tax are spin offs of those developments. Brown shares a Business District tool with the Council. It is a tax driven incentive for development, the dollars generated go to achieve your redevelopment in that district, maintain jobs, increase tax base, and help with cost of infrastructure. Several cities have business districts including East Peoria having 3 districts, Morton (almost all businesses are in 1 district) Peoria (1). Pekin's current rate is 8% which I under all of those districts. The EDAC shares their draft proposal for a business district map. Brown points out that the proposed district would generate revenue in the amount of $830,000 on a ¼% sales tax

Sparks shares a case study also shares the revenues vs expenses for general fund through FY 13-14. He believes ED can impact 4 types of taxes: property, food and beverage, local use and gaming taxes. Growing revenues are critical to improving the City's ability to provide quality services. The Pekin Hospital project could be as much as $300,000 in new property tax in the City of Pekin. Keeping dollars in Pekin is crucial. BigR has exceeded their sales tax requirement as well as EastCourt Village. Food and Beverage – Rail House and Buffalo Wild Wings are good examples. A new Business District helps existing businesses to expand. Shares a case study for a $12m project but needs $1m from the City with a return on investment $100,000 going into the General Fund annually. Residential areas can qualify, can do matching funds as well. Sparks says it is the most powerful economic tool he has seen; Morton raised $400,000. Orrick says has a lot of trust in the EDAC and Dunn asks what the impact of establishment of the Business District would be between now and 2020 from downtown to Derby to a technology corridor to Veterans. Brown says it is important for us to have as many tools as possible in our tool box, including being ready when someone makes a request i.e. the infrastructure is ready and waiting. McCabe reiterates that we can make different tools for different areas. Sparks talk about the PEDIF, you could make it a grant amount or could do loan fund and it makes it go farther. Keif says this doesn't just happen and it is a 23 year commitment. The Council has to put together the plans with a long term view. Abel says if the TIF and Ent don't happen and we don't do the business dist. we do not have three tools that other cities have. Sparks says the timing of it would include a study from a consultant showing blighted areas and would be looking at a January time line. Fleming says the consultant fees can be repaid from the funds once the business district is under way. Andy thanks the council for the commitment and looks forward to working with the

Orrick thanks the EDAC for bringing a tool that includes the whole city. McCabe like the equity of the prospective district and thanks the EDAC for their work. Meeting adjourns at 6:15 on a motion from Orrick and second from Luft.

Respectfully submitted,

Sue E. McMillan
City Clerk
Via
Sarah J Newcomb
Deputy City Clerk

ILLINOIS

Community. Opportunity. Home.

City of Pekin

Economic Development Advisory Committee

Pekin, Illinois 61554

Memo

To:	Mayor McCabe and Council members
From:	Economic Development Advisory Committee
CC:	Agenda Packet and City Manager
Date:	September 14, 2015
Re:	Sales Tax

Given the competitive environment for development, rising cost of infrastructure and construction, 2021 expiration of Central Business District TIF, along with the fact that our Pekin Economic Development Investment Fund has not been funded for over three years, the Economic Development Advisory Committee recommends a new revenue stream. This funding source will keep Pekin competitive with surrounding communities such as Morton, and East Peoria who have had the Business District sales tax tool for 3 years. Using home rule powers, increase sales tax by ½ cent thereby providing half of the funds for economic development investment fund and half of the funds for infrastructure and roads. The ½ cent is estimated to bring in $1,600,000 annually of new funds. The split funds would be directed by City Ordinance as a special revenue fund for economic development and for infrastructure improvement and third party work for road projects. Even with this suggested increase to the home rule sales tax, the City's rate would not exceed those rates in Peoria or East Peoria. As a sales tax, it would be spread across all users of our community, not just those who pay property tax.

Given that ANY form of taxation is regressive, we recognize that no tax is "popular;" rather, we seek one that is LESS regressive to a large majority of citizens. Increasing the Home Rule Sales Tax from 1.25 to 1.75 per cent seems to best accomplish that for the following reasons:

1. The Home Rule Sales Tax (HMST) does NOT apply to groceries, prescription drugs, or vehicle sales.

2. Obviously, it also doesn't affect those items upon which typical residents spend the majority of their income, i.e. house payment/rent, car payments, utilities, "services," etc. in addition to the above mentioned items.

3. Yes, restaurants/fast foods, clothing, alcohol, tobacco, and other items would be affected, but many of those fall into a category which might best be described, generally, as discretionary.

4. Pekin is a "mini trade center," which is to say that a significant portion of sales tax is generated by non residents; a guesstimate might be conservative at 20 to 25%.

5. The total sales tax of 8.5% proposed breaks down to 6.25% to the state, 1/2% to Tazewell County, and--if adopted--1.75% Pekin Home Rule. The EDAC feels that at 8.5% Pekin would still be competitive with other local communities, especially with our primary competition Peoria, which is already at 8.25% with 9.25% is sales tax districts, East Peoria at 8% and 8.50% to 9% within sales districts and Washington at 8%. After excluding all of the "non-affected" areas (on which, typically people/families spend 75% of their income), most residents are unlikely to spend more than $10,000 per year on items taxed at 8%; that means a total increase of $50 annually. As an example, a $16 order at one's favorite fast food establishment would increase by 8 cents.

Reasons for separation of the Fund:

1) Annualized, the new tax would generate about $ 800,000 additional revenue for economic development that will support projects that will provide a return on investment from new or increased property tax, sales tax, and economic impact of new jobs and construction jobs to name a few positive impacts. This money is used to expand the Pekin Economy and the return on investment all flows into the general fund revenues assisting the now tight budget. Another necessary reason for the separation of the fund is that each developer agreement that is signed will require an ongoing, (multiple-year) funding source that must be relied on. We discussed in our briefing sessions with Council the Big R and Bergner's projects. The Big R incentive was provided by the PEDIF fund and the Bergner's renovation was a separate developer agreement. In both cases the City gave an incentive for a new business coming to town or renovating an existing business to help it stay current and viable. In both cases the City investment is being paid back with new sales tax revenues, or a loan is being repaid where the city earns an interest spread. In both cases above and beyond the return both parties exceeded increased sales and the City has enjoyed a larger than budgeted revenue benefit. The Economic Development Advisory Committee will vet the projects utilizing the "Developer's Proposal" and provide recommendation to City Council for approval.

2) The infrastructure and road improvement portion of the fund will likewise receive $800,000 annually. The road projects will need to be performed by a third party but could be used for materials on a job that is being performed by City workers. This fund will improve roads/ sidewalks, Court and Front Street improvements and other infrastructure needs. This fund fulfills a need for improvement but does not have the same economic return that was discussed earlier. That is not to say that a large road improvement project that satisfies the criteria of both funds could use allocated moneys from both funds. This would fall under budgeted items and of course, money obligated for prior economic development agreements would not be available to go toward road projects.

But since infrastructure many times is a function of economic development and developer agreements, and since good roads and the appearance of the city could be an integral part of economic development, we can envision some specific projects both economic development/ or infrastructure being funded from both funds.

3) Fund accounting would track all revenues (payments from development loans) and expenses for the economic development investment fund and infrastructure and road improvement fund. Each year the budget would detail the committed funds, dollars available to each fund program and dollars for proposals in the Economic Development Investment Fund.

Pekin Area Chamber of Commerce
Board of Directors
September 9, 2015

Resolution of Support for
An Increase in Pekin's Home Rule Tax to Fund Economic Development Programs and Projects and Infrastructure Maintenance and Improvements

WHEREAS, the Central Business District TIF will expire in 2021; and

WHEREAS, the City of Pekin has been unable to fund the Pekin Economic Development Investment Fund (PEDIF) for the past three years; and

WHEREAS, the cost and need of road and infrastructure maintenance and improvements continues to increase at a pace greater than the City of Pekin's revenues, and

WHEREAS, the City of Pekin's Economic Development Advisory Committee (EDAC) has proposed an additional ½% to the City of Pekin Home Rule Sales Tax, with ¼% allocated to fund economic development and the other ¼% allocated to fund infrastructure maintenance and improvements; and

WHEREAS, the intention of the EDAC proposal is to strictly limit the expenditure of these funds, by ordinance, to their intended purpose of Economic Development programs and projects, and infrastructure maintenance and improvements; and

WHEREAS, the EDAC proposal requires this new revenue be directed by ordinance to separate funds and accounts to ensure accountability and transparency.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Pekin Area Chamber of Commerce, does hereby support an increase of ½% in the City's Home Rule Sales Tax. This support is contingent upon the City Council's commitment, by ordinance, to restrict the use of these funds exclusively for the purposes outlined above, and in the ratios outlined above. Additionally, this support is contingent upon the City Council's commitment, by ordinance, to accountability and transparency by depositing these sales tax revenues into separate funds and accounts that are separate from the City's General Fund.

BE IT FURTHER RESOLVED, that William T. Fleming, Executive Director, is authorized on behalf of the Board of Directors, to communicate this support to the Pekin City Council, chamber members, and the public.

PASSED THIS 9th DAY OF SEPTEMBER 2015

BY: /s/ Gregg Ratliff
Gregg Ratliff, President of the Board of Directors

Sales Tax Comparison

	Non-Business District	Sales Tax District Name	District Tax	Total Business/Sales Tax District
Bartonville	7.25%			
Canton	8.25%			
East Peoria	8%			
East Peoria		Farm Creek	1%	9%
East Peoria		Costco	0.50%	8.50%
East Peoria		Target Area	1%	9%
Normal	7.75%			
Morton	6.75%	Morton Business District	0.25%	7%
Pekin	8%	Pekin Sales Tax	0.50%	8.5
Peoria	8.25%	Hospitality Business District	1%	9.25%
Peoria Heights	8.25%			
Washington	8%			(discussion on Business District)

Business/Sales Tax State Statue: The tax may not be imposed on sales of items that will be titled or registered with an agency of state government or on qualifying food, drugs, and medical appliances

* some communities have "other" sales tax components such as Entertainment, Food & Beverage, Package Liqor, etc

Memo to the City of Pekin

August 14, 2015

Dear City Council,
I wanted to take a minute and thank you all for being at the special meeting on Monday June 15th, to hear about the history of, the tools used by EDAC, and to hear about a most exciting new concept called Business Districts.

The EDAC has listened to consultants discuss the advantages of a Business District, but not being familiar with the community the map they presented was not workable. The committee drew a map to fully take advantage of the strengths in this statute, and one that would be fair to most of the businesses in town. The concepts behind a business district are exceptional, and it has a great deal of merit for a community our size. It is a great step forward for the City to create a funding source that is to be used for all kinds of economic development, including infrastructure but also buildings. Likewise many city council members are concerned about what funds are available for infrastructure, especially roads within the City budget. Some members thought that part of the business district funds could be used for roads. With that comment a question was asked, "Is ¼% sales tax increase enough?" The city sought advice from an attorney who has worked on at least 4 business districts for East Peoria and Morton. We discussed the merits of a business district, but found out that there are several difficulties to consider. He also brought up the idea that Pekin does not need a business district they have home rule. There are many advantages to using home rule sales tax instead of the business district tax statute. I have listed those advantages below:

1.) Cost – a consultants fee for this would be $ 30,000 and although we believe the attorney could do this cheaper it would take a great deal of work defining a legal description as large as the one we proposed. Business Districts also require a redevelopment plan – one less extensive could be performed in house.
2.) Totally equitable – no business would be left out with implementation of the home rule tax, but there could be a few businesses left out of the map although only a few.
3.) Amendments - If the Business District program was to be implemented, it would have to be amended if other geographic areas were to be annexed at a later date. However, utilizing the home rule, all areas annexed would automatically be included in the home rule area.

Sales Tax Comparison

	Non-Business District	Sales Tax District Name	District Tax	Total Business/Sales Tax District
Bartonville	7.25%			
Canton	8.25%			
East Peoria	8%			
East Peoria		Farm Creek	1%	9%
East Peoria		Costco	0.50%	8.50%
East Peoria		Target Area	1%	9%
Normal	7.75%			
Morton	6.75%	Morton Business District	0.25%	7%
Pekin	8%	Pekin Sales Tax	0.50%	8.5
Peoria	8.25%	Hospitality Business District	1%	9.25%
Peoria Heights	8.25%			
Washington	8%			(discussion on Business District)

Business/Sales Tax State Statue: The tax may not be imposed on sales of items that will be titled or registered with an agency of state government or on qualifying food, drugs, and medical appliances

* some communities have "other" sales tax components such as Entertainment, Food & Beverage, Package Liqor, etc

Thank you for investing your time, energy and resources in looking to locate or expand your development in the City of Pekin. Our City welcomes developers to submit proposals and look forward to working with you to enhance our community through your development. In those cases when a developer requests significant assistance (e.g., funding or infrastructure improvements) from the City, we may ask the developer to prepare what we call a **Developer's Proposal**.

The purpose of this document is to provide the City with enough specific information in order to determine if the project meets the City's needs and requirements. In other words, the **Proposal** helps us decide if the City's Economic Development Enterprise Fund investment would be prudent.

The **Proposal** also provides the information necessary for the EDAC to prepare a project recommendation to City Council and the foundation for the City to formulate a **Developer's Agreement** to become the legally binding document governing the project.

A **Developer's Proposal** should include the elements listed below. Some may not be applicable to every project—we will work with you to modify the **Proposal** appropriately.

1.0 Project Description

1.1 General proposed use
1.2 Proposed space allocations by type (e.g., retail, commercial, office, storage)
1.3 Tenant commitments (firm or tentative)
1.4 Design objectives
1.5 Site improvements and public amenities (if applicable)
1.6 Project timeline

2.0 Relevant Development Experience

2.1 Contact information for principals
2.2 Brief description of similar projects (date, location, photographs, current status)
2.3 Developer's equity commitment to the project
2.4 Client references (include other local government projects when possible)

3.0 Financial Capacity

3.1 Identify developer(s), including all joint venture or limited partners and percentage of interest, if applicable
3.2 Document previous experience in attracting equity investors
3.3 Provide two most recently audited financial statements or tax returns (if you do not have audited financials)
3.4 Majority owner to provide personal financial statements
3.5 Supply commitment letters from financial institutions

4.0 Budgets

4.1 Estimates for project completion by phase (if phased)
4.2 Estimates provided by contractors or subcontractors

5.0 Physical Description

5.1 Construction plan/timeline
5.2 Plats
5.3 Elevations
5.4 Site plan
5.5 Architectural renderings (if available)
5.6 Square footage of development and allocation by use
5.7 Description of green or sustainable design elements
5.8 Impact on existing infrastructure (e.g., parking, street traffic, sewers)
5.9 Relationship to contiguous property

6.0 Return on Investment from Economic Development Enterprise Fund

6.1 Estimates for both the current property value and the completed development value, showing land values separately (provide square foot subtotals for each land use type)
6.2 Financial pro formas for the development and five years of operation, including financing and marketing costs

6.4 Sales tax increase revenue

- Adjusted Incremental Sales Tax based: 2.25% City portion
- Establish the sales tax baseline, growth above the baseline for incentive options (credit or refund) in the terms developer's agreement from Economic Development Enterprise Fund
- The City shall receive the Sales tax reports filed with the appropriate taxing body's treasurer and provided by the Developer.

6.5 Job creation projections

Increased jobs project

- Job multiplier impact for full time job
- $46,000 head of household job

Construction jobs

- Dollar amount of project
- Average: 60% of project is construction materials

6.6 Property tax revenue projections

Property Tax increase project

- Incremental property tax for City of Pekin 13%

6.7 Hotel/Motel tax increase project

- Incremental increase of hotel/motel dollars
- $1.00 hotel spend = $3.00 spend in community

6.8 Additional guarantees to City

7.0 Expectations of City

7.1 Infrastructure improvements
7.2 Zoning/Code accommodations
7.3 Financial incentives

8.0 Other Funding Resources

8.1 City of Pekin Façade Improvement Grant

- Small grants up to $10,000 50/50 match to commercial property owners and occupants for exterior building and signage improvements
- Funded through Economic Development Enterprise Fund

8.2 Pekin MicroGrant

- Grants up to $10,000 for business owners interested in starting, moving, or growing a business in Pekin City limits
- Funds can be used for property improvement or acquisition
- Funded through Economic Development Enterprise Fund

8.3 Enterprise Zone

- Tax credits and other incentives offered for commercial and industrial development of $25,000 or greater located in the zone:

- Five (5) year real estate tax abatement on improvements to existing property
- Sales tax exemption on building materials purchased from Illinois eligible suppliers
- Waiver of City building permit fees and associated inspection fees

8.4 Central Business District TIF Facade

- Property in the Central Business District can apply for TIF assistance for eligible exterior improvements. TIF funds for the project will be equal to 1/2 of total exterior project costs or $12,500.00, whichever is less. Eligible items include any work to the exterior of a structure or lot with the exception of sidewalks, parking lots, sprinkler systems, storm or sanitary sewers, wiring, plumbing, heating or air conditioning or pest extermination. The goal of this program is to structurally improve property, preserve historic features and enhance the property for curb appeal along with access.

8.5 Central Business District TIF Interior Commercial

- Tax Increment Financing (TIF) District property for commercial use and upper story residential can apply for TIF assistance dollars for interior fixed improvements. This loan program provides a forgivable loan (0% interest rate-otherwise known as a grant), but requires private financing to complete the project. The loan amount is a dollar to dollar match, up to but not exceeding $25,000. One program (maximum $25,000 total) per building over a 5 year period is allowed however, a maximum of $50,000 can be permitted for building projects with multiple floors within the 5 year period requirement and project completion. The goal of this program is to invest with property/business owners to enhance the property value of their building to also provide a structurally sound and functional property for business operation.

Contact

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