

**ITEM NO. 14-430 TO THE CITY COUNCIL OF PEORIA, ILLINOIS, IN COUNCIL,
ASSEMBLED YOUR COMMITTEE OF THE WHOLE to Whom was
Referred a POLICY SESSION Regarding DISCUSSIONS for the New
ENTERPRISE ZONE REGULATIONS and APPLICATION, with a
Request for Direction.**

A Policy Session was held on Tuesday, October 14, 2014, beginning at 6:55 P.M. at the Peoria County Courthouse, 324 Main Street, County Board Room 403, Peoria, Illinois, with Mayor Jim Ardis presiding, and with proper notice having been given.

ROLL CALL

Roll Call showed the following Council Members present: Akeson, Grayeb, Jensen, Johnson, Montelongo, Moore, Riggerbach, Spain, Turner, Weaver, Mayor Ardis – 11; Absent – None.

Others present: City Manager Patrick Urich, Corporation Counsel Donald Leist, Community Development Director Ross Black, Assistant City Manager Chris Setti, City Clerk Beth Ball, Deputy Clerk I Dan Sullivan, interested citizens, and members of the media.

NEW ENTERPRISE ZONE REGULATIONS AND APPLICATION

Community Development Ross Black gave a presentation on Enterprise Zone 2016. He provided copies of the PowerPoint presentation, and handouts which explained the following:

1. Changes to the Enterprise Zone Law
2. Local Labor Market Area
3. Enterprise Zone Application Process
4. Qualifying Criteria
5. Joint Application
6. Enterprise Zone Management Options
7. Enterprise Zone Benefits (possible)
8. Enterprise Zone Area (proposed)
9. Enterprise Zone Benefits (proposed)
10. Enterprise Zone Fees (proposed)
11. Next Steps

Director Black provided a brief background on Enterprise Zones. He explained that the State of Illinois currently had 97 Enterprise Zones and every community must reapply. He stated that a maximum of 48 zones would be approved during 2015 for activation on January 2016. He further stated that additional zones would be added until the State of Illinois had returned to the current total of 97 Enterprise Zones. He described the Local Labor Market Area would be used as a policy method that would provide data assistance needed to complete the application. He mentioned that the Enterprise Zone Application Process had ten criteria questions set by State of Illinois statute. He stated that the deadline to submit this application would be December 31, 2014. He reviewed the ten qualifying criteria that would be used in the application process and he stated that the applicant must meet at least three criteria points. He listed the ten criteria requirements, which are as follows: 1. Unemployment; 2. Employment Opportunities; 3. Poverty; 4. Abandoned Coal Mine, Brownfield or Federal Disaster Area; 5. Large Scale Business Closings; 6. Vacant Structures; 7. Tax Base Improvement Plan; 8. Public Infrastructure; 9. Manufacturing Skills Program and 10. Equalized Assessed Valuation. He stated that the City of Peoria would qualify for nine out of the ten criteria requirements. He

explained the City of Peoria would consider filing a joint application with Peoria County and possibly some smaller municipalities within the County of Peoria, which would reduce the total number of applications and create a better chance of selection. He stated that the joint application would provide seven square miles for the City of Peoria, six square miles for unincorporated Peoria County and two square miles split between the smaller municipalities. He further stated that a joint application would promote regional cooperation and would require an intergovernmental agreement. He stated the State of Illinois required an Enterprise Zone Administrator, which would be an employee or officer of a zone's jurisdiction. He also indicated that an Enterprise Zone Board or a DZO would also qualify. He summarized the benefits of an Enterprise Zone would include sales tax exemption on building materials, property tax abatement on increase in property tax, Enterprise Zone machinery and equipment sales tax exemption, utility tax exemption, corporate contribution deduction, investment tax credits and other local benefits. He requested feedback on what the boundary of the Enterprise Zone should be. He questioned what the focus of the area would be. He also stated the City of Peoria had three options for the focus of the Enterprise Zone area: it would be in the Heart of Peoria area (non-residential), plus industrial areas or the same area as the current map.

In response from Council Member Spain regarding the geography of the current Enterprise Zone, Community Development Director Ross Black explained that the City of Peoria currently had the Rivers Edge Redevelopment Zone, which offered the City an additional twelve square miles beyond the actual Enterprise Zone. Council Member Spain voiced concerns about the potential expiration of the Rivers Edge Redevelopment Zone, which would limit the square miles usage of the potential Enterprise Zone.

Council Member Johnson questioned the elimination of a five- mile radius that currently could be utilized in the Enterprise Zone. He voiced concerns with the joint application that reduces the City of Peoria's square miles availability from twelve miles to seven miles. He stated his concern about the City maximizing their available space.

Community Development Director Ross Black indicated that the City could pursue a single application, which would keep the current standard of the twelve square miles. He stated that the City was not eliminating the five square miles because the City never allocated those miles.

In response to Council Member Riggenbach's question, Community Development Director Ross Black explained that if a joint application was approved and changes occurred to the map, all parties involved had to approve the changes. He also explained that no particular method was used to breakdown the seven square miles for the City, six square miles for the County and the two square miles for the smaller municipalities.

Council Member Jensen questioned if the City and County had decided on a location within the City for the Enterprise Zone. In response to Council Member Jensen, Community Development Director Black explained that the City had jurisdiction over the Enterprise Zone location within the City.

In response to Council Member Moore's question, Community Development Director Ross Black explained that Enterprise Zones could be in residential districts, but the real benefit would be the sales tax exemption for building materials. He indicated that an Enterprise Zone in a residential district created two issues; 1. Not creating or retaining jobs, which would be a basic purpose of the Enterprise Zone; 2. the Sales tax benefit would not be large enough. He further

explained that Enterprise Zones had always been in industrial districts with some commercial areas included.

Mayor Ardis voiced his concerns regarding the seven square mile limitations placed on the Enterprise Zone and the potential expiration of the River's Edge Redevelopment Zone. He stated he looked forward to further discussions about these issues.

Community Development Director Ross Black explained the second question of this Policy Session, pertaining to the benefits of the proposed Enterprise Zone. He stated property tax abatement would be 100% for three years and then 50% for two years. He stated all properties qualified for sales tax exemption on building materials. He stated that the County proposed any project over \$250,000 required the payment of prevailing wage. He explained that a permit fee reduction would occur for all planning and zoning related fees. He stated there was a 50% reduction of all building permit fees, to a maximum of \$10,000 per project. He recommended that DZO benefits continue within the City only.

Council Member Grayeb questioned Community Development Director Black about the rule of prevailing wage within the Enterprise Zone. Community Development Director Black explained that currently the City had no requirement about prevailing wage. Director Black stated that for the joint application to be processed that the City had to follow the County's request for prevailing wage. Council Member Grayeb stated all projects should qualify for prevailing wage, not just projects over the \$250,000 threshold. Council Member Grayeb further stated that Enterprise Zones should benefit labor.

Council Member Spain questioned the five year 100% tax abatement currently being utilized compared to the proposed three year 100% abatement and 50% two year abatement level. Community Development Director Black explained that this would not be such a financial hit to the community and it also would encourage development. Council Member Spain requested a report back to Council on discussions with other taxing districts on the proposed abatement levels. Community Development Director Black stated that he would report back and he stated that the abatement levels didn't need to be set prior to the application deadline of December 31st.

Community Development Director Ross Black discussed the final question of the Policy Session, which was the implementation of fees for the Enterprise Zone. He stated the City currently charges no fee, but would be recommending with the new application that a fee be charged. He said the fee would be a maximum of .5% of the total construction materials, to a cap of \$50,000 per project (\$5,000 per \$1 million). He explained that the fee would pay for the administration of the Enterprise Zone. He stated the City would eventually like the Enterprise Zone to be self-supportive and self-contained.

Community Development Director Ross Black explained the next steps would be to bring Ordinances and Intergovernmental Agreements back to the Council for approval. He stated that during 2015 the City would be working with other taxing bodies on the abatement of property taxes and add other partner jurisdictions if needed.

Council Member Spain moved to adjourn the Policy Session; seconded by Council Member Johnson.

The Policy Session adjourned at 7:44 P.M.

A handwritten signature in cursive script, appearing to read "Beth Ball", written over a horizontal line.

Beth Ball, MMC
City Clerk, Peoria, Illinois

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