

**ITEM NO. _____ TO THE CITY COUNCIL OF PEORIA, ILLINOIS, IN COUNCIL,
ASSEMBLED YOUR COMMITTEE OF THE WHOLE to Whom was
Referred a POLICY SESSION Regarding the Creation of a City Policy
on the Use of SALES TAX INCENTIVES in SPECIAL SERVICE AREAS
and to Provide Direction to Staff as Appropriate.**

A Policy Session was held on Tuesday, October 10, 2017, beginning at 6:30 P.M. at City Hall, Council Chambers (Room 400), 419 Fulton Street, Peoria, Illinois, with Mayor Jim Ardis presiding, and with proper notice having been given.

ROLL CALL

Roll Call showed the following Council Members were physically present: Akeson, Cyr, Grayeb, Jensen, Montelongo, Oyler, Riggerbach, Ruckriegel, Mayor Ardis – 9; Absent: Moore, Turner - 2.

Others present were: City Manager Patrick Ulrich, Assistant City Manager Chris Setti, Corporation Counsel Don Leist, City Clerk Beth Ball, Chief Deputy City Clerk Stefanie Tarr, interested citizens and members of the media.

Communication from the City Manager and Director of Public Works with a Request for a Policy Session on the SPECIAL SERVICE AREAS, with a Request for Direction.

Assistant City Manager Chris Setti provided an overview of Special Service Areas (SSA) and how they worked to encourage economic development. He said SSAs were tools provided by the City for businesses to use to stimulate and provide special services. He said, currently, SSAs were guided by State law on whether they met the legal threshold for creation and then for the City Council to decide. He said the City had used SSAs and the taxation behind them to create economic development opportunities. He provided examples where SSAs were used noting Junction City for financing the construction of the new intersection, the financing of Louisville Slugger, and Westlake Shopping Center for local improvements. He said the policy question posed was specific to the use of sales tax SSAs. He said sales tax SSAs allowed the petitioner and the City to create a localized additional taxation that only applied to that specific area. He requested feedback and direction from the City Council regarding a sales tax SSA. He said this issue was previously brought to the City Council in 2014 as a policy discussion; however, no policy was created at that time. In conclusion, he reviewed the questions that were before the City Council regarding the implementation of a sales tax SSA.

Council Member Ruckriegel inquired about the 60-day objection period and he asked if it was anticipated that there would be further input before the SSA was established, especially for an area that lacked registered voters. He said the current guidelines did not address whether there were registered voters within the area.

Assistant City Manager Setti said there was an objection period to determine whether 51% of the people affected by a proposed SSA would oppose. He said the City Council could set a policy to establish how to receive public input, how to receive objections, and to establish a timeframe.

Council Member Ruckriegel said there should be extra time for the objection period for citizens to contact their Council Member. He said the purpose for the SSA was to add or maintain infrastructure, but it was also to encourage development. He said the SSA could have a broad definition, which needed to be narrowed. He asked if the intent of Staff was to provide for new development, for an economic shift, or to bring in new industry to the City.

Assistant City Manager Setti said he was seeking guidance from the City Council on the definition, terms or use of SSAs and what would be considered worthy of this type of incentive.

Council Member Ruckriegel expressed a concern that imposing such a tax could place an economic hardship on people. He also noted that he had seen SSAs used on a large area, not just for a single property. He commented that property tax SSAs and sales tax SSAs were two different types of taxes that could have big implications.

Council Member Riggerbach said he supported SSAs in the Third District. He said the East Bluff Neighborhood Housing Service (EBNHS) SSA provided a clear, defined service for the community. He said each year EBNHS provided to the Council goals for the SSA and provided their accounting books for review for transparency. He said the Junction City SSA provided the needed traffic signal. He said as this matter was discussed, it was appropriate that the budget be discussed as well and to review all the tools to maximize revenues. He said at the last Policy Session, Council decided not to raise sales taxes for the upcoming budget, but he said now it came before the Council as an SSA to allow a developer, who had a vested interest in his properties, to raise his sales tax that the Council was hesitant to raise. He said sales taxes were critical resources to the City. He said now was not an appropriate time to allow SSAs because it was a critical time for the City, who may need to raise taxes to increase revenues.

Council Member Jensen expressed her support for SSAs, using them as an incentive similar to Westlake Shopping Center. She said that SSA was used by the owner to renovate its parking lot to use permeable pavers consistent with the City's policy. She said she supported having SSAs in a limited area or to encourage new development. She said she would support an SSA, but a specific proposal needed to accompany it.

In response to Council Member Jensen, Assistant City Manager Setti said SSAs could not be charged on groceries or titled goods. He said SSAs could only be applied to what a general sales tax applied.

Council Member Riggerbach commented on the importance of placing a time limit on an SSA. He said he preferred a 10-year term versus a 20-30 year term. He said SSAs might be on a case-by-case basis, which would make it project-based versus policy-based.

Discussions were held regarding how an additional sales tax through an SSA would impact the community. It was mentioned that if someone was opposed to paying the extra sales tax, then they did not have to patron the business. Council Member Grayeb recommended businesses who imposed an SSA to place a notice on their front door for patrons to be aware of the same. He said, generally, that would not stop someone from patronizing a business.

Council Member Akeson said she was a firm supporter of SSAs noting that businesses who participated in an SSA saved money if the SSA money was utilized for the intended purpose. She said she saw some discrepancy in how SSAs were originally intended and received. She said she would have liked to see more comparison with other cities and to have feedback from businesses who were already using SSAs in the City. She expressed a concern for the information currently presented to the City Council stating additional information was needed.

Council Member Oyler said there had been a lot of discussion over the last year regarding the need to grow the City's tax base. He remarked on the importance of having tools to attract new businesses, yet the City had to be careful on how to limit those tools. He said it was important to understand what other communities were doing in order to understand how Peoria was going to be competitive. He said the Council needed a better understanding on how to attract

businesses to the community. He remarked on the importance of being cognizant of the City's competition, addressing the competitors and to being open with the public.

Council Member Montelongo remarked on the business roundtable in his District that had been planning and working together to grow more retail in the Fourth District. He said the draw to have Portillos in that area would help all businesses nearby and would be a positive revenue for the City. He said each SSA that came before the Council should be project driven, which would address each concern. He recommended having a conversation on the amount of SSAs that would be given.

Council Member Ruckriegel commented that when a business utilized an SSA, that business's property improvements were being paid for by the taxpayers.

Mayor Ardis said the City should take into consideration what other communities were doing, how they were utilizing SSAs and how they measured success. He commented that level playing fields were no longer realistic for businesses anymore, and he said the City was clearly not getting any help on an economic development side from the State. He said municipalities had to work harder due to the lack of support from the State. He said the State Legislators were not helping to attract small businesses. He said the State was no longer a partner and they were taking the City's money with them. He said this was an important issue. He said it was important to find out from businesses what was intended with the SSA over a period of time and how long it would take to pay it off so it would not become a rolling SSA. He said offering a 20-30 year limit was asking for it to be abused. He recommended a shorter timeframe and said, if it was necessary, a business could come and request an extension. He commented on the success of the Louisville Slugger and how it brought in tens of thousands of people to the community each weekend. He said Council needed to think about what they wanted to encourage and what they wanted to restrict. He said he was encouraged by the activities that were occurring along the Riverfront due to a group of people who wanted to invest in quality entertainment. He said the Council raised a number of good questions and it showed a sincere desire to have more discussions in order to have something more for our community. He asked what would keep from other retail area from asking for the same thing, which was a concern that needed to be watched.

Council Member Riggerbach requested additional information on best practices in neighboring communities. He asked for information from communities within an hour away from the City along with aspirational cities for the sales and property SSAs. He asked Staff to determine whether other cities were using project driven SSAs and whether they utilized a checklist of a 5-10 year timeline of what was anticipated to be accomplished with in an SSA.

Council Member Akesson requested before and after pictures of the areas that had SSAs implemented. She asked what kinds of business improvements were realized. She said the SSAs she was familiar with provided for accountability and structure, noting they were not single-business focused.

ADJOURNMENT

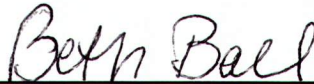
After Mayor Ardis determined there were no more comments, after Council Member Jensen moved to adjourn the Policy Session regarding Special Service Areas; seconded by Council Member Ruckriegel.

Approved by roll call vote

Yeas: Akeson, Cyr, Grayeb, Jensen, Montelongo, Oyler Riggerbach, Ruckriegel,
Mayor Ardis – 9;

Nays: None.

The Policy Session closed at 7:32 P.M.



Beth Ball, MMC, City Clerk
City of Peoria, Illinois

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