

**ECONOMIC DEVELOPMENT COMMITTEE  
MINUTES  
August 8, 2007**

The Economic Development Committee of the DeKalb County Board met on Wednesday, August 8, 2007, @ 7:00p.m. in the Legislative Center's Freedom Room. Chairman Eileen Dubin called the meeting to order. Members present were Ken Andersen, Julia Fauci, Jeff Metzger, Sr. and Steve Walt. Mr. Stuckert and Ms. Vary were absent. A quorum was present. Others present were Ray Bockman, Gary Hanson and Mark Beirnacki.

**APPROVAL OF THE MINUTES**

Mr. Walt said that he would like to amend the minutes to reflect that he moved for the motion to replace Resolution 2003-52.

**Moved by Mr. Metzger, Sr., seconded by Mr. Walt, and it was carried unanimously to approve the amended minutes from June 2007.**

**APPROVAL OF THE AGENDA**

Chairman Dubin said that she would like to amend the agenda this evening to reflect Mr. Metzger's list of items for tax abatements for discussion.

**Moved by Mr. Metzger, Sr., seconded by Ms. Fauci, and it was carried unanimously to approve the amended agenda.**

**TAX ABATEMENT QUESTIONS LIST**

Mr. Metzger said that there was a lot of redundancy and narrowed down both lists to the most common questions that were asked. He just did not want 40 questions on the list.

Chairman Dubin said that under item #6 for jobs unionized, that she would suggest adding the wording prevailing wage.

Mr. Bockman said that he would not feel comfortable about adding that. He did not think that we could ask that question.

Mr. Metzger agreed with Mr. Bockman.

Mr. Bockman further stated that whether or not the employees of a certain company belonged to an organized labor organization or not is really a private matter.

Ms. Fauci said that we would really like to know what their salaries are, that would matter.

Mr. Bockman said, of course, but whether they get them via a collective bargaining agreement or that management just gives it to them because they love them, is no concern of ours.

Ms. Fauci said that in some situations we do ask for prevailing wage?

Mr. Bockman said that if a company works for the County, then they do need to pay prevailing wage. You can ask what the wages are and you can determine then if it is fair or not.

Mr. Walt said doesn't the wages actually include benefits and that?

Mr. Metzger, Sr., said not necessarily.

Mr. Bockman said that you could ask, what are your benefits?

Therefore, the committee changed question #6 to now state, "What are the jobs benefits/wages?"

Ms. Fauci said that if she was not mistaken, the committee was not going to make any answers to these questions because some of the answers that we would have to give the companies the abatement whether we wanted to or not, right?

Mr. Bockman said that his hope that you were going to use this list for yourselves. As with the questions that you feel are important, you need to find that out. He is only uncomfortable with the County officially asking a company who is applying for abatement - are you union? Because it implies that it then makes a difference and it can't.

Ms. Fauci said that in the case of prevailing wage, she feels that when you are passing out taxpayers money you don't want them to bring in very low wage jobs that we end up having to balance out.

Mr. Metzger, Sr., said on the other hand, they might appear to be a good paying company.....

Chairman Dubin said yes, in fact benefits almost double a wage. But how do we know what the prevailing wage is for that particular industry?

Mr. Bockman said that this committee doesn't have to know. If you are going to have an abatement policy that's dependent upon prevailing wage, we don't need you anymore. You just say, what do your workers do? How much do they make? And if it isn't the prevailing wage then we say see you. There is no judgment required.

Besides the five largest industries in this county would not be here today if prevailing wage was the rule, said Mr. Bockman. He further stated that prevailing wage for a forklift driver would have you being the site of zero warehouses.

He further commented that this happened earlier by a past board member who wanted to demand prevailing wage for the construction of the

warehouse, but also the employees that would occupy a certain warehouse here in DeKalb County. Before we start camping on that high ground you should look at what we are paying our workers, because we have some employees that are not making prevailing wage all over the County. In fact, if we said that everyone that has a job in DeKalb County that does not pay prevailing wage, has to stop working tomorrow, I wouldn't want to be here, said Mr. Bockman.

Chairman Dubin said, hopefully we bring in the kinds of jobs that we don't have to worry about prevailing wage.

Mr. Bockman said that is exactly why he would encourage the committee to look at each deal individually and take it as a whole, the wage/benefit structure, the corporation, etc. He further explained that if we get to 12% or 15% unemployment rate in this community, you may think differently about what jobs are acceptable.

Ms. Fauci said that she would like to know what percentage of people hired for the newly created jobs are from DeKalb County? How many of these jobs are coming in from the outside? What is that percentage? Let's say all the upscale jobs are coming from the outside and all the lower paying jobs are coming from here.

Ms. Fauci said yes, and what portion of those jobs from DeKalb County is at the upper level?

The committee said that these suggestions would fall under item #5 on the questionnaire. These suggestions could be added to that question.

Mr. Biernacki, City Manager of the City of DeKalb, said that the City of DeKalb does do a job audit.

It was agreed that this list consists of basic questions that the committee can ask any company and should be used as a guideline by this committee. They can add to it in the future if needed.

#### **CITY OF DEKALB DOWNTOWN REVITALIZATION - UPDATE**

Chairman Dubin said that she invited Mr. Biernacki, City Manager of the City of DeKalb, and asked him to go over what the plan entails and what would the project do for the City of DeKalb and the County of DeKalb?

Mr. Biernacki said that the Plan has been adopted and received wide support. The downtown environment now is not pedestrian friendly and that Phase I of the Plan will begin in the Summer of 2008 and continue into 2009. There will be many physical improvements that the City of DeKalb will make. This will cost the City \$10 million that they will sell bonds for.

The other part of the plan is what is considered the Smart Growth component to this document. One ingredient of many is an insertion of higher density, multi-family, owner occupied housing. Residential uses in and around

the downtown. This will provide 24-hour population to create the market for the various types of retail shops that you would want downtown. It makes for a much more economically healthy and viable downtown. The Smart Growth component on that point is that for every unit built downtown there is one less unit that we build on our outskirts specifically for farmland and sprawl things that the County does so well to contain and force the development to the cities. In this case, we are trying to force the development to the City. There is interest in doing just that, he further stated. The area between 1<sup>st</sup> and the river along Lincoln Highway on the South side, has received very strong developer and redeveloper interest on a “chunk” of that stretch. The City is working with the developer on a unit right now.

Mr. Bockman asked Mr. Biernacki, what’s the range of potential increase of headcount living in this area?

Mr. Biernacki said that he couldn’t remember.

Mr. Bockman said that it looks like quite a bit.

Mr. Biernacki said yes, and over many, many years.

Mr. Biernacki went on to explain to the committee that since May of this year they have received 7 out of the 9 taxing districts approval on this Plan.

What they are proposing again, is the Intergovernmental Agreement, where they are asking the County for their support, in the form of letter, stating that you consent to this. In consideration of that it is the City’s proposal that they declare as a surplus 50% of the income generated annually starting in the year 2011. That is, for every dollar of income generated, 50% would be distributed back to the taxing districts.

They picked the year 2011 instead of 2010 is because they have an existing Intergovernmental Agreement with various taxing districts where we return T.I.F. dollars. Remember, the distinction, under our current agreements between now and 2010, the dollars that are returned to the taxing districts are encumbered. They can only be used for T.I.F. eligible purposes. In the year 2011, Mr. Biernacki further explained, by declaration of a surplus, which the statute provides for, in that year forward to the end of this 12-year extension, the monies returned to all of the various taxing bodies are unencumbered and you can use the monies for whatever you wish.

Mr. Biernacki said that the estimate to prepare the charts was a 5% increase on an annual basis. They prepared it based on 20-year average on what our T.I.F. district has seen. As goes the increase in the increment, so does the County’s 50%.

Chairman Dubin asked if there has been any talk about enlarging the DeKalb Public Library? That is a unit that brings families to the downtown and attracts older citizens.

Mr. Biernacki said that they have had talks with the Library on that point. There is a little unknown fact that the Library sees about 20,000 people a month. That is a great draw for the downtown. They have hired a land planning architect firm to determine both their future space needs and ideally, physically where that space could occur in and around the library. T.I.F. will be there to help them with enlarging the library at that time, he further stated.

Mr. Biernacki said that this Plan is an investment by the County.

Mr. Walt said that he doesn't know if we can afford it. All that he has been hearing about is the jail, that is what I hear all the time.

Mr. Metzger, Sr., said that we need to find revenue for the jail, he has heard this before in the past when he sat on the Finance Committee. He hopes that this plan is very successful, but let's say in the 4<sup>th</sup> or 5<sup>th</sup> year of this Plan it goes down the tubes. What happens to the rest of the twelve years? What happens to the remaining 6 or 7 years, where would that money go? Would it just be going into a failed project?

Mr. Biernacki said, here is an investment and every investment has its risk. There is a resolve on the part of City to make this Plan work. There are private investors stepping up too. They are taking a risk too. After two or three years if it still is not as successful as we think, Mr. Biernacki said, we will not quit, we still have 10 more years to go to make it happen.

Ms. Fauci said that Hitchcock & Associates is a very nationally respected firm.

A lot of things depend on your assumptions, but on a ten-year average, the County's investment could be \$10 million, said Mr. Hanson, DeKalb County Deputy County Administrator.

Ms. Fauci asked if the City was keeping the geographic part of the T.I.F., right?

Mr. Biernacki said yes, the financial part would shrink, by virtue of declaring 50% surplus. He said a lot of projects that they City has done in the T.I.F. he is convinced would not have happened without the T.I.F.

Mr. Fauci then asked if the older homes that are directly outside the T.I.F. district, let's say older values, would their EAV's rise also?

Mr. Biernacki said "all ships rise with the tide".

Mr. Andersen said that he feels this is an investment in our County and our future.

Ms. Fauci said that she feels that this Plan pushes the development towards the urban areas. It shows that we believe in the downtowns and will invest in them.

Mr. Biernacki said that we have been partners with the County, as well as, other taxing bodies on many, many things. You have been our partner for the past 20 years of a 23-year T.I.F. and we asking that you do it again to make this a success.

**After a brief discussion, it was Moved by Mr. Andersen, seconded by Ms. Fauci, to forward Resolution #2007-57 to the full board for approval.**

Chairman Dubin said that she would like to ask Mr. Hanson about his figures so that this committee would feel comfortable about whatever the decision will be.

First of all there was a 12-year extension and that property tax revenues are about \$85 million, according to Mr. Hanson's data. The City believes that the total cost of the Plan will cost about \$106 million. The City expects to declare a 50% surplus beginning in 2011, which will return about \$35 million back to the various taxing bodies, which is what Mr. Hanson has told us. The net amount of property taxes needed is \$50 million with a variance of 5%.

Mr. Hanson is telling us that \$53 million is needed. So, her question is, why is the City asking for \$85 million? Is that confusing things?

Mr. Biernacki said, that if he understands Ms. Dubin's question, what she is saying is - based on a 5% incremental increase per year, for the life of the extension, we have to make the property taxes generate \$85 million. Of that amount they are proposing to return \$42 million or half. So that is that part of the question.

Ms. Dubin said that she thinks what Gary is saying to us, is that the County only gets part of that returned.

Mr. Biernacki said that the County would get back their proportion of \$42 million if the 5% annual increment is true.

Are you estimating low? Asked Ms. Fauci.

Mr. Biernacki said yes, 5% is low, based on if you look at more recent numbers.

Chairman Dubin asked if anyone else has any other questions? She just wanted to make sure that the committee discussed this in-depth.

**The motion carried unanimously with a roll call vote.**

Mr. Andersen said that he would like to have an item placed on the agenda for next month's meeting (September) regarding the Supervisor of Assessments. He would like to invite her to the meeting and ask her what the

possible ramifications will be from the current court ruling on development land in the County being over assessed? That is, that the township supervisor, specifically, the Sycamore Township Supervisor, had over-assessed amounts of property. He felt it could be more than development land. It could be commercial property, too. That could have a big impact on our economic vitality, he feels. He also asked if the County would be appealing it?

He has also heard that there are a lot of residential properties that have been over assessed too. The state law states that the property has to be habitable. There are a lot of “spec” homes that have been sitting around there for a while because of the current market. The Supervisor of Assessments has been assessing them at their full value.

Mr. Bockman asked, but why would they not be habitable?

Mr. Andersen said because they have not been sold, because they are spec homes.

Mr. Bockman said that it doesn’t make them inhabitable, it just makes them unsold.

Mr. Andersen said that is what he has been told and he doesn’t know what all the rules are, but that the court ruling was done two days before the last County Board Meeting.

Mr. Bockman said that he has not heard about this and that he will check with the Supervisor of Assessments to see what this is about and if she can’t answer the questions he will contact the attorney’s involved in the case and invite them to the meeting.

Before adjourning Ms. Fauci said that she would like to see on our agenda a discussion item about community-based farming. They are doing it in Dane County, Wisconsin, and it has been very successful.

**ADJOURNMENT**

**Moved by Mr. Andersen, seconded by Mr. Walt, and it was carried unanimously to adjourn the meeting**

Respectfully submitted,

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Chairman Eileen Dubin

ED:mcs