

MINUTES
WOODSTOCK CITY COUNCIL
December 2, 2014
City Council Chambers

The regular meeting of the Woodstock City Council was called to order at 7:00 PM by Mayor Brian Sager on Tuesday, December 2, 2014 in Council Chambers at City Hall.

A roll call was taken.

COUNCIL MEMBERS PRESENT: J. Starzynski, M. Saladin, M. Larson, M. Turner, J. Dillon, RB Thompson, Mayor Sager.

COUNCIL MEMBERS ABSENT: None

STAFF PRESENT: City Manager Roscoe Stelford; City Attorney Ruth Schlossberg; Finance Director Paul Christensen; Director of Public Works Paul Ruscko; Community and Economic Development Director Cort Carlson; and Economic Development Coordinator Joe Napolitano.

OTHERS PRESENT: City Clerk Arleen Quinn

A. FLOOR DISCUSSION: Proclamation Honoring Ricky Lester

Council Comments

Mayor Sager stated that tonight the City would be honoring Ricky Lester, a long-time City employee, upon his retirement. He noted that Mr. Lester is unable to attend this evening's meeting but that it is his pleasure to read this proclamation that will be framed and presented to Mr. Lester.

Mayor Sager went on to say that it is with a great deal of appreciation that we extend this to Ricky for his many years of service to our community and to the residents of this community always with an interest in making sure that the public welfare and safety provisions were accommodated regardless of time or day. We are most grateful to him for his service. This is another opportunity for us to thank, congratulate, and commend a member of our loyal and professional public works staff.

Councilman Turner mentioned that he wanted to thank the staff for their work in the Lighting of the Square. He noted a large crowd was in attendance and was a very nice night. Councilman Starzynski also commented on the great job done on the square lighting.

Mayor Sager mentioned that Lisa, from the Woodstock Independent, is moving to Iowa. This will be her last meeting. Mayor Sager wished her well and thanked her for her positive reporting and her coverage of the City of Woodstock.

CONSENT AGENDA:

Motion by Councilwoman Larson, seconded by Councilman Saladin to concur with Consent Agenda Items B - E-6. Councilman Saladin asked that items E 1 and E 2 be removed.

B. MINUTES OF PREVIOUS MEETINGS:

November 18, 2014 Regular City Council Meeting

November 18, 2014 City Council meeting minutes are being approved as corrected. Councilman Thompson noted that page 2, paragraph 5, line 8 should read 7.72 miles, not 7.72 acres.

C. WARRANTS: 3641 3642 MFT# 540

D. MINUTES AND REPORTS:

Police Department Report – October 2014

Economic Development Commission Minutes - August 12, 2014

Historic Preservation Commission Minutes – October 27, 2014

E. MANAGER'S REPORT NO. 36

3. **Award of Bid** -Approval of an award of contract for liquid alum to the lowest, responsible bidder, USALCO Michigan City Plant at a price of \$496.04 per dry ton for all purchases throughout calendar year 2015.
4. **Change Order –Old Courthouse Roof** – Adoption of Resolution 14-R-27 authorizing Change Order No. 12 for the Old Courthouse Roof Project resulting in an increase to the contract of \$91,825.
5. **Change Order – Old Courthouse Stairs** - Adoption of Resolution 14-R-28 authorizing Change Order No.001 for the Old Courthouse Stairs project resulting in an increase to the contract of \$7,275.
6. **Property Tax Levy**-Adoption of Ordinance 14- O- 66 levying property taxes for calendar year 2014.

Roll call vote was taken. Ayes: J. Starzynski, M. Larson, RB Thompson, M. Turner, M. Saladin, Mayor Sager. Nays: None. Absentees: None. Abstentions: None. Motion carried.

Councilman Saladin, at 7:13PM, recused himself from the Chamber due to a relationship his firm has with the petitioner.

Item E 1. Liquor Ordinance – Adoption of Ordinance 14-0-65 Amending Title 3, Chapter 3, Liquor Control, of the Woodstock City Code creating and authorizing issuance of a Class A-6 liquor license to KATLO Inc, d/b/a Public House of Woodstock and cancelling one Class D Liquor License formerly held by Calogero’s Restaurant.

Motion by M. Turner, second by J. Dillon to approve Ordinance 14-O-65, amending Title 3, Chapter 3, Liquor Control, of the Woodstock City Code creating and authorizing issuance of a Class A-6 liquor license to KATLO Inc, d/b/a Public House of Woodstock retroactive to November 19, 2014 and cancelling one Class D Liquor License formerly held by Calogero’s Restaurant.

A roll call vote was taken. Ayes: J. Starzynski, M. Larson, RB Thompson, M. Turner, J. Dillon, Mayer Sager. Nays: None. Absent: M. Saladin. Abstentions: none.

Councilman Saladin rejoined Council in the Chamber at 7:15 PM.

Item E2 : 1. Enterprise Zone: Approval of the following:

a.) An Ordinance designating an area as the Harvard/Woodstock Enterprise Zone.

b.) An Ordinance authorizing the City of Woodstock to enter into an Intergovernmental Agreement with the City of Harvard and McHenry County.

M. Saladin removed this item from the Consent Calendar stating he wanted further discussion regarding the incentives proposed. He said, though he is aware of time constraints, he is concerned whether we are making enough of an impact in attracting new business into this area. He went onto say that he wanted to make sure he understood what the dollar amount would be if a business came into Woodstock to renovate and/or buy a building in the Enterprise Zones. He mentioned that even though we are not in competition with Harvard a company might not be aware of what could be offered to them. He said that he would not like for a company to see a divergent in incentives and not realize that they could talk to us and we might have the ability to tailor something that would be a good fit for their situation. He wondered if perhaps offers could be made to other businesses as well if it is appropriate and they meet the criteria.

Mayor Sager said Council looked at this previously from a consensus basis to see if we were willing to look at a unified application between the County and Harvard as a second community. Council agreed to a unified application and this is what is before us this evening, to deal with some of those questions and issues and to make sure that Council is very comfortable on behalf of our community, its residents, and potential future businesses relative to this item.

Mr. Stelford said that staff has discussed what level of incentives should be offered to businesses in order to attract them to the City of Woodstock. He said in essence we are creating an entitlement so we want to be careful that not necessarily anyone that comes in is automatically going to qualify for certain incentives given by the City of Woodstock, though they will automatically qualify by default for the State incentives that everyone is eligible for in the Enterprise Zone. At this point we are just discussing local incentives of the Woodstock portion of the Enterprise Zone. We have a lot of positives in this community that will help to sell it to businesses. The infrastructure that we are hoping to see in the next few years will definitely be beneficial, as well as the workforce development if the Motorola site were to fill. Also, due to the close proximity both Woodstock and Harvard residents would benefit if one or both Cities were to secure a major employer.

Mr. Stelford went on to say that it is his understanding that we can go back and amend the incentives at a later date. We can use this as a base line; see how well it is working. If it is not working, if we see that Harvard's process is working better, we can make amendments to the Enterprise Zone and sweeten the incentives if we feel that is appropriate. There is a time restraint so we don't have a lot of time to analyze this, we could bring it back at the next meeting if Council wants to make changes to the incentives but application is due by the end of December, 2014. We have some advantages that we weren't able to quantify. We don't impose utility taxes in the City of Woodstock so that is already a significant advantage mostly for manufacturing and industrial businesses that use a lot of electricity. While it will seem attractive that Harvard is going to abate it for them the reality is that we don't impose it. We do have the right to impose it if we want but traditionally Woodstock has not had that as a tax option. I think most businesses look at this long term, some extra dollars will go a way to make a decision to locate but in reality they are to be here for 20- 30 years. Even though they may get thousands of dollars initially it can be made up pretty quickly if they make the right

decision to locate somewhere.

Mayor Sager said he wants to make sure that Council is comfortable in acting upon this and if Council does not we still have one more meeting for future discussion.

Councilman Turner said that one of Harvard's incentives is a real estate tax abatement of 100% for four years, 50% for two years and 25% for two years and clarified that Woodstock's schedule is Year One: 100% of the amount in excess of the base amount, Year Two: 80% of the amount in excess of the base amount, Year Three: 60% of the amount in excess of the base amount, Year Four: 40% of the amount in excess of the base amount. Year Five: 20% of the amount in excess of the base amount.

Council Saladin said that the figures provided by Mr. Stelford show that there is an initial difference of \$30,000 with tax abatement as well as additional monies relative to the waiver of the building permit fees. He went on to say that he appreciates the utility tax argument and the fact that the City is trying to come out of recession with a very fiscally sound approach but in order to move forward we might need to take the initiative with this project as much as we can. He went on to say that while we want to put together a solid application, which can be amended later, we also don't want to miss an opportunity for a company to see in black and white what the difference would be initially and look past Woodstock only because they didn't feel there was enough of an incentive at the start.

Councilman Starzynski said he wanted to make sure that not only could we amend the incentives as part of the Enterprise Zone package but that the incentives could also be amended on an individual basis with a company locating here. He stated that the only other concern he would have is that in having a joint application with Harvard if we give a particular incentive to business it seems to put us in competition with them.

Mayor Sager said he feels this is a valid point but also believes that by working together we are looking at the larger regional perspective and that there are going to be inherent advantages to companies that are moving to the region of one community or the next. He stated that we are going to live with these inherent advantages which are perceived by those companies. There may be those companies that want a much larger amount of open space or if they want to be in close proximity to the Motorola building Harvard may be more attractive in that regard. The city of Woodstock is going to have its set of inherent advantages as well. He went on to say that we have to move jointly in this effort about the potential regional impact of our approved application. This has been our attitude in many other programs that we have embarked upon over the past several years which allows us to work with other communities, with the county, and townships to find a competitive advantage in terms of the total region by working together. So the underlying principle is that we do the best job to position ourselves today and if we have to revisit it in the future we will

Councilwoman Larson wondered if we have the ability to rescind some of the incentives if we offer too much now. Mr. Stelford said that it would be possible, though perhaps harder, to go back the other way. He feels that this is a good starting point and that the City of Woodstock would be willing to talk with companies on an individual basis. Mayor Sager said to be clear we do have the opportunity to move in either direction with whatever incentive package we decide to offer but we all know it is hard to retract.

Councilwoman Larson questioned whether the incentives we will offer impact our chance of success in being approved by the State. Mr. Stelford said the State criteria are more demographic. Topics looked at are the

poverty level, employment levels in the Zone area, and whether there are large facilities that are not filled. The information for the State is all statistical. It does require that you do have an incentive package laid out and state what your local incentives are going to be but their approval does not hinge on what those incentives are.

Councilwoman Larson asked what the State incentives are and wondered if we are offering a very small percentage compared to what the State is offering. Mayor Sager asked Economic Development Coordinator, Joe Napolitano if he would respond to this question. Joe Napolitano said that the State offers 5 incentives. The main one is the sales tax exemption on any building materials that are used in the construction of either the new facility or the addition to the existing facility. The wording of this is that anything that is permanently affixed to the ground or to the building can receive a 6.25% waiver of state sales tax. The other incentive is a sales tax exemption for certain machinery that they need in their operation. Some tax credits that are available is a half percent tax credit dependent on the number of employees that are going to be brought to the site and a \$500 tax credit on each job created on IL income tax as well as other deductions also based on the number of jobs created.

Mayor Sager said that Woodstock's incentives are fairly significant and the State program provides tax credit and abatement opportunities which are significant, especially in the construction phases and machinery investment phases. These, for many companies, can be pretty large capital outlays at the onset so this can be a pretty sizeable support on behalf of the State. Mayor Sager explained that an investment in building the facilities and equipment for any size business is going to be a significant aspect of the capitol outlay.

Mr. Stelford said he feels where we are right now is prudent and would like to see how well it works while being willing to change it quickly if it doesn't have the impact that we would hope. We don't have a history of Enterprise Zones in the County so it's something we are trying to get familiar with as we go along. We feel it is important to be prudent, however, the more aggressive we make it the more attractive it is to businesses that want to locate here. There are operational costs to bring people here to city and to support these businesses so that has to be taken into account. None of the tax incentives of Harvard or Woodstock opposes adjusting the base amount of the tax so the taxes that we are currently collecting we will continue to collect we are only talking about improvements that are being made to the sites. This is money that we wouldn't have any way if they didn't come in and build a business. This incentive increases the speed in which they're going to fill the site, in return they are going to save tax money, but in the long term eventually abatements are going to go away and that tax money is going to come into help support our services

Councilman Starzynski asked how long the benefits of the Enterprise Zone would last. Mr. Stelford responded that in the Zone businesses will save tax money for 15 years and can then apply for a 10 year extension

Councilman Saladin asked J. Napolitano with his past experience with Enterprise Zones to explain how a business views an Enterprise Zone incentive package when looking at buying or renovating and then to explain what the next step in the process is. He asked if they contact the City or work with a broker. J. Napolitano responded saying that a business calls the city to find out what the city is offering. North Chicago had a joint zone with the City of Waukegan and the projects that we dealt with the most were the sales tax exemptions for the building materials. There was not anyone who qualified for tax abatement or any of the other State offered incentives. Either the business wasn't big enough or didn't generate enough employment. Some of the things they will look at are the community, transportation, and the infrastructure network. The incentives offered by the Enterprise Zone may sway their decision but are just one of many factors they will take into

account.

Councilman Turner said the ability to regulate is something we want to make use of. He mentioned that he is not interested in going back after we have started. He said he didn't have a problem coming out stronger in the beginning and then changing at a later date. Business is about supply and demand. He said he is in agreement with Councilman Saladin that a big issue in our State and County is that we don't have enough going on. The Governor and businesses in WI are coming over the border and cherry picking businesses. Amazon's new distribution facility on I-94 was pulled out of Lake County and brought up toward Racine/Kenosha. He also said that there are aggressive moves being made right now as a border county on business looking to locate here. The state is in a fiscal mess, transportation here compared to other communities that we do compete with in the county, are not as strong. Going South there is the I- 90 so we have to rely on other factors, besides transportation, and get as aggressive as possible in hope that we fill 20% right away. He concluded that he would rather offer the incentives up front rather than at a later date.

Councilwoman Larson agreed saying that if offer incentives a little at a time we lose impact on attracting businesses at the start. Councilwoman Dillon agreed that we should be aggressive up front because likely companies will not come back after deciding against an area. She asked if there were Enterprise Zones on Rte. 14 going East. Mr. Stelford said he is not aware of anything, that the Woodstock/Harvard Zone is the first in the area so he agreed that we need to be really aggressive in the beginning.

Public comment:

1. Joseph Monack, 343 S. Jefferson St Woodstock, IL had several questions that he put forward to the Council. He asked what the specific benefits of the Enterprise Zone are and if the deferred sales tax on new building and machinery will affect the overall sales tax? He also wondered if Council had a model that had been studied or one that you have seen in action.

Mayer Sager asked Economic Development Coordinator, Joe Napolitano to reply to these questions.

J. Napolitano responded that before we developed the proposal for the local incentives we looked at some of the existing Enterprise Zones in the State to see what they offered. There are quite a range of incentives offered. Two of the big ones are from Hanover Il and Alsip, Il. Hanover offers 100% tax abatement on the value of the improvement for five years. In Alsip and Blue Island they offer a 50% abatement for five years. A lot of them offer 50% of the buildings permit fees. Some are limited on the number of jobs that are created, for example, Decator/Macon County is a successful Enterprise Zone that we looked at. One of the consultants we deal with was actually the director of that Enterprise Zone for quite a while. Their policy is that the business has to create at least 25 full time jobs before it's eligible for the tax abatement. We have to remember that this is an entitlement; it would not be worth the effort to us if we get a business that brings in three employees. So in considering this particular incentive our thought was that there should be some restriction on the number of jobs that are being created. There are 97 Enterprise Zones in the State of Il, 49 are up for application.

Mr. Monack asked if the Council has seen results that make having an Enterprise Zone worthwhile.

J. Napolitano responded that the program is administered by the Department of Commerce and Economic Opportunity and as a requirement each zone is required to report on a quarterly basis on the projects they are issuing, abatements, etc. The DECO website lists the 97 zones, how many jobs have been created, how many

retained, and what the investment in the zone was. Some did not attract any while some in the City of Chicago attracted over 2,000 jobs. J. Napolitano thought the reason why some zones work and some do not might just be location, as in the Chicago Zones. Large amounts of people and good transportation would naturally attract more businesses than some far off small place which would have a hard time attracting any kind of development.

Mr. Monack asked if Council was concerned with potential drops in tax revenue and receipts for the City if companies are buying materials outside of Woodstock. J. Napolitano said it was his understanding that the City would still receive its 1% but the State would waive its portion which is 6.5%.

Mr. Monack asked if Council has looked at other communities that have an Enterprise Zone and reviewed their budgets before and after to see if there was an impact in the sales tax or overall revenue? Mr. Stelford said that, beyond building permit revenues, none of our revenues would be affected. Any property tax that we currently collect will not be in jeopardy, we are talking about an increase in property tax not the base.

Mr. Monack wondered if this would include a specific industry such as retail, manufacturing, or fast food restaurants. He also had questions about what the maximum size of the zone might include, and if tax credits would apply to new businesses or those already in the City. J. Napolitano responded that the plan was to include all the commercial and industrial zoned properties in Woodstock. The downtown is included; the industrial areas on McConnell Rd all along Rte. 47, the commercial businesses are included all the way past Rte. 14 as well as including some of the businesses South of Rt 14. He went on to explain that the zone is limited to 12 square miles and right now we are at 7.72. The boundaries can be expanded through an application process. If a developer was interested in property that was not within the boundaries we would have the ability to extend through a 3ft wide strip. The intent was to keep it a little smaller to start out with the understanding that we wanted to keep some reserve for the future.

Mayor Sager joined in the conversation saying we have residential districts that would not be appropriate for the Enterprise Zone. We stayed with a parameter with a cushion that would allow us to look at additional annexation or additional expansion of those types of zone parcels. Mr. Monack was interested in accessing a map of the zone. Mayor Sager said Council could provide a copy for him and thanked him for his comments.

There were no additional public comments.

Mayor Sager addressed the Council saying based on discussion this evening a potential consensus is that Council would like to be a little more aggressive in its approach, meaning that we would consider increasing the incentives opportunity from a municipal perspective. The Council agreed that this was the consensus. The question then he said was whether to amend it on its face this evening or postpone to a time specific and ask the staff to be more aggressive concerning the incentives. Mayor Sager said the prudence of staff was appreciated. He asked Council if they felt we could offer some acceptable parameters for a more aggressive plan, and concluded asking them what they preferred to do.

Councilman Saladin said he is inclined to ask for a postponement for two weeks. He said he thinks it is important to discuss what is going to be the optimal incentive for either vacant property or buildings, and doesn't think any of the incentives other than the 50% waiver of building permits would apply to most businesses. He went on to say that we need to really look at how effective we can be for what we have in Woodstock.

Councilman Starzynski asked if more aggressive incentives mean to be more aggressive in terms of giving incentives to a smaller project with fewer employees or in giving a greater monetary incentive to someone who brings in 25 or more employees.

Councilman Saladin said he thought both incentives were possible.

The Council agreed to postpone the discussion. Mayor Sager provided the following three parameters for staff to consider.

- The first parameter to consider is the level of the abatements we have right now for five years.
- The second parameter is that there might be two different approaches depending upon employment levels which could be extended if it is new developed property with new construction or whether this is renovation and construction and look at that in a different way
- The third parameter to consider is the term.

Mayor Sager asked Council if they thought there might be some other areas in which to be more aggressive in terms of approach.

Councilman Turner said he would not differentiate on renovation of old vs new. Existing business and business owners might feel that incentives are being given to new people when they are already here in business. Some questions right now are unanswerable, we have to set a direction and not be afraid to tweak it if need be. We might consider a drop in manufacturing jobs from 50 employees, since due to other current considerations, employers are capping employment at 49 employees. He said he was okay with someone bringing in 20 jobs and putting up a \$500,000 for their facility. 50 employees are fairly high for small businesses, he said that 20/25 employees for both retail and manufacturing, bumping up the schedule and getting very aggressive on the abatement is where he would like to see Council move toward. He said he doesn't view Harvard as a competitor; we want to collaborate with them but also to consider our own communities. He said he views our competition as being to the south and the east and would like to have something here that makes a splash.

Mayor Sager said we need to look at how effective we can be for what we have in Woodstock and that 95% of the zone might not work with more employees. He asked the Council if they would support renovation vs new construction and how they felt about the reducing the number of employees. The Council agreed to both of these measures. The Council discussed abatement amounts and associated terms. Hanover Park has 100% for each of five years, 100% for two years, and then goes down. Councilman Saladin suggested 100% for three years and 50% for two years as an option. Mayor Sager asked the Council if they were comfortable with that and they agreed on 100% for five years with the knowledge that this can be amended in the future.

Councilwoman Larson asked if there were incentives not yet mentioned. J. Napolitano said that sales tax incentive is always out there but might be something we want to keep in our back pocket. We need employers offering good paying manufacturing jobs, as families earn a better income, retail will be more willing to locate here. He said he wouldn't want to be as aggressive with the commercial end of things as with the industrial which he thinks is more important. Councilman Turner agreed with this with the possible exception of car

dealerships which are usually good businesses. He mentioned, though, that they would be included in the sales tax incentive that companies would ask about anyway.

R. Schlossberg, City Attorney, asked if Harvard and the County would be voting to approve before next City Council's next meeting. She said if they are the same night we will have to make sure that everyone approves it subject to Council's approval of proposed changes from Woodstock. Councilman Turner said that if anything procedural were to come up after the December 16th meeting, in order not to miss the deadline, a special meeting may be needed.

Mayor Sager told Council that it sounds like we have a set of parameters, asked Council is there was anything else not yet mentioned, and if Council felt comfortable with what has been discussed. Mayor Sager expressed his opinion that Council has a great deal of appreciation for the prudent approach that was taken, and acknowledged that that has been our mode for a number of years. He went onto say that he thinks we are of the mind that we need to be aggressive to the extent we can be as we are looking at the application for the Enterprise Zone. That it is important to take advantage of this program's benefits, move forward, and evaluate it in the future if need be.

Motion by J. Dillon, second by M. Saladin, to postpone Item E2 to time specific to the City Council meeting on December 16, 2014.

A roll call vote was taken. Ayes: J. Starzynski, M. Saladin, M. Larson, M. Turner, J. Dillon, RB Thompson, Mayor Sager. Nays: None. Absentees: None Abstentions: None. Motion carried.

Mayor Sager said he looked forward to continued discussion on December 16, 2014.

DISCUSSION ITEMS:

7. Quarterly Financial Reports- Transmittal of the Second Quarter Reports for the City of Woodstock:

- a.) Revenues and Expenditures Report
- b.) Investment Report

Mayor Sager asked if there were comments on the discussion items. Councilwoman Dillon said she wanted to express her thanks to staff for their work on the reports.

FUTURE AGENDA ITEMS:

Mayor Sager wanted to remind the Council that we traditionally do not have a meeting the beginning of January. The next meeting after December 16, 2014 will be January 20, 2015.

Councilman Thompson mentioned that he has been asked by merchants and the community several times for the square to be made non-smoking. Mayor Sager said we would have to look at the parameters of the square and what area that would entail. He said we would have to be clear about what areas we are talking about. Would it include the Park in the Square, all public areas to the interior of the business area of the square, and are we talking about those areas that are leader routes into the square. He asked Council if they would like to have a discussion on this topic. Councilman Turner said he was not in favor of this change but if it serves a purpose he would be open to discuss it. Councilman Saladin said if it is a concern than it should be discussed.

Mayor Sager said it would in the form of a discussion item initially so that we would have some sense of parameters and that it could be possibly discussed in February or at a later date.

Councilwoman Larson mentioned the brightness of the LED sign on South St. for a future agenda item. She mentioned that the one on South St is really bright. Council agreed to bring it forward for a future agenda item.

J. Napolitano told Council that a bid was out for bulbs for the lighting for the city. T12 bulbs are being discontinued; we have secured grants from DCL and Clean Energy to pay for about 90% of costs in replacing them with T5. The award of the contract is about \$130,000.

There were no additional comments from the public.

ADJOURNMENT:

Motion by Councilman Thompson, second by Councilwoman Larson, to adjourn the regular meeting of the City Council to the December 16, 2014 City Council meeting. Ayes: J. Starzynski, M. Saladin, M. Larson, J. Dillon, RB Thompson, Mayor Sager. Nays: None. Absentees: None. Abstentions: None. Motion carried. Meeting adjourned at 8:17 PM.

Respectfully submitted,

Arleen Quinn, City Clerk