

Minutes of the Executive Committee Meeting

The Executive Committee of the McLean County Board met on Tuesday, August 13, 2013 at 4:30 p.m. in Room 400, Government Center, 115 E. Washington Street, Bloomington, Illinois.

Members Present: Chairman Sorensen, Members Owens, Segobiano, Cavallini, Hoselton, O'Connor, and Gordon

Members Absent: Members McIntyre and Caisley

Other Board Members Present: Members Erickson, Schafer, Robustelli

Staff Present: Mr. Bill Wasson, County Administrator; Ms. Hannah Eisner, Assistant County Administrator; and Ms. Jude LaCasse, Assistant to the County Administrator

Department Heads/
Elected Officials Present: Mr. Craig Nelson, Director, Information Technologies

Others Present: Mr. Scott Koepfel, Assistant Director, information Technologies; Mr. Ken Springer, Director of Research and Client Services, Economic Development Council of the Bloomington-Normal Area

Chairman Sorensen called the meeting to order at 4:30 p.m.

Chairman Sorensen presented the minutes from the July 16, 2013 Executive Committee Meeting for approval.

Motion by Hoselton/Segobiano to approve the Minutes of the July 16, 2013 Executive Committee Meeting.
Motion carried.

Chairman Sorensen presented the reappointments, appointments and resignations.

Motion by Segobiano/Gordon to Recommend Approval of the Reappointments, Appointments and Resignations as Recommended by the Chairman.
Motion carried.

Chairman Sorensen stated that there are two items for action from the Information Technologies Department. He indicated that Mr. Craig Nelson, Director, Information Technologies, was available to provide information.

Mr. Nelson stated that both of these requests are computer purchases. The first is a request to purchase 16 mobile data computers. Mr. Nelson stated that these are the computers that go into the squad cars for the Sheriff's Department to allow them real-time access to the Integrated Criminal Justice System. The second is a request for approval of the Purchase of 85 PC's (Personal Computers).

Mr. Nelson advised that both of these contracts are part of the Intergovernmental Joint Purchasing Agreement, and both contracts offer substantial savings over past purchases. He noted that these are the best prices we have had on PCs or Mobile Data Computers.

Mr. Nelson stated that these expenses are both planned expenses and budgeted within the Fiscal Year 2013 budget.

Motion by Segobiano/Cavallini to Recommend Approval of the purchase of Mobile Data Computers; and to Recommend Approval of the Purchase of 85 PCs (Personal Computers).
Motion carried.

Chairman Sorensen noted that Mr. Nelson's monthly report is included in the packet.

Chairman Sorensen asked if there were any questions or comments. Hearing none, he thanked Mr. Nelson.

Mr. Stan Hoselton, Chairman, Transportation Committee advised that the Transportation Committee brings no items for action to the Executive Committee. He stated that all of the items going to the Board have been discussed and approved by the Transportation Committee.

Chairman Sorensen asked if there were any questions or comments. Hearing none, he thanked Mr. Hoselton.

Mr. Paul Segobiano, Chairman, Property Committee, advised that the Property Committee brings no items for action to the Executive Committee.

Chairman Sorensen asked if there were any questions or comments. Hearing none, he thanked Mr. Segobiano.

Mr. William Caisley, Chairman, Justice Committee, was unable to attend the meeting. Chairman Sorensen indicated that the Justice Committee brings no items for action to the Executive Committee. There were no questions.

Mr. Ben Owens, Chairman, Finance Committee, presented a request for approval of a Capital Assistance Application to the Illinois Department of Transportation (IDOT) to purchase and/or renovate a building for SHOW BUS – Building and Zoning.

Motion by Owens/O'Connor to Recommend Approval of a Capital Assistance Application to the Illinois Department of Transportation (IDOT) to Purchase and/or Renovate a Building for SHOW BUS – Building and Zoning.
Motion carried.

Mr. Owens presented a request for approval of a County Board Resolution to implement a combined Federal and State of Illinois FY'2014 Grant Agreement for Operating Assistance that has been approved by IDOT, the application for which was approved by the County Board on June 18, 2013 – Building and Zoning.

Motion by Owens/Cavallini to Recommend Approval of a Resolution to Implement Combined Federal and State of Illinois FY'2014 Grant Agreement for Operating Assistance that has been approved by IDOT, the application for which was approved by the County Board on June 18, 2013.
Motion carried.

Mr. Owens presented a request for approval of an Ordinance of the McLean County Board amending the 2013 Combined Appropriation and Budget Ordinance for Fund 0106 for the In-Person Counselor Program – Health Department.

Motion by Owens/Segobiano to Recommend Approval of an Ordinance of the McLean County Board Amending the 2013 Combined Appropriation and Budget Ordinance for Fund 0106 for the In-Person Counselor Program – Health Department.
Motion carried.

Mr. Owens presented a request for approval of a Resolution amending the Fiscal Year 2013 McLean County Full-Time Equivalent Position Resolution Associated with an Ordinance to amend the Fiscal Year 2013 McLean County Combined Appropriation and Budget Ordinance for Fund 0106 – In-Person Counselor Program – Health Department.

Motion by Owens/Gordon to Recommend Approval of a Resolution Amending the Fiscal Year 2013 McLean County Full-Time Equivalent Position Resolution Associated with an Ordinance to Amend the Fiscal Year 2013 McLean County Combined Appropriation and Budget Ordinance for Fund 0106 – In-Person Counselor Program – Health Department.
Motion carried.

Mr. Owens presented a request for approval of Critical Personnel Hiring Requests – County Administrator’s Office.

Motion by Owens/Segobiano to Recommend Approval of Critical Personnel Hiring Requests – County Administrator’s Office.
Motion carried.

Chairman Sorensen asked if there were any questions or comments. Hearing none, he thanked Mr. Owens.

Mr. George Gordon, Chairman, Land Use and Development Committee, advised that the Land Use and Development Committee brings no items for action to the Executive Committee.

Chairman Sorensen asked if there were any questions or comments. Hearing none, he thanked Mr. Gordon.

Mr. Bill Wasson, County Administrator, stated that there are two items for discussion that relate to the Economic Development Council (EDC). He introduced Mr. Ken Springer, EDC, who is available to review the items.

Mr. Springer thanked the Committee for the opportunity to discuss the two items relating to the EDC. He indicated that the first item concerns the Bridgestone Investment Audit for June 2013. He reminded the Committee that in the first quarter of 2012, seven taxing bodies passed property tax abatement deals with Bridgestone Americas Tire Operations, LLC to provide an incentive to expand their existing manufacturing facility in Normal. He indicated that to ensure that Bridgestone created the quantity of jobs and capital investment that they had promised; the abatement agreements provided a mechanism for the Economic Development Council to audit them once annually.

Mr. Springer stated that, as requested, Bridgestone provided an employee payroll report for the end of May 2013 and also the pre-project report of the same as a baseline employment count in the abatement agreements from August of 2011.

Mr. Springer advised that as of the end of May, Bridgestone has created ten jobs above that baseline. He noted that the goal by the end of the 36 month period allotted in the agreement was for them to have 42 new positions. Mr. Springer acknowledged that they are not there yet, but they are on their way. He added that Bridgestone is not quite done with the capital investment at the plant and will not staff up until the equipment has been invested.

Mr. Springer indicated that EDC also received from Bridgestone a list of equipment, building and site modifications, and expenditures that had been made to date as well as a list of those that were budgeted and those that were assigned to vendors currently. He stated that the amount of capital that has already been spent is approximately \$19.4 million, and their target was \$19.55 million by the end of that 36 month period so they are well on their way in terms of making the requisite amount of capital investment.

Mr. Segobiano asked if Bridgestone will provide a report in 2014 in regard to 32 new jobs that they need to add. Mr. Springer replied that the Agreement allows EDC to request that audit once a year.

Mr. Hoselton asked what the penalty is if Bridgestone does not achieve the requirements of the agreement. Mr. Springer replied that it is worded in the agreement that the taxing bodies themselves can determine whether to pull the money back or not if Bridgestone does not reach its goal. It is up to the taxing bodies to assess whether or not Bridgestone is in the spirit of compliance or if they have fully complied. Mr. Springer added that each agreement is a bi-lateral agreement between Bridgestone and each of the seven taxing bodies.

Mr. Springer provided a power point presentation for information-only on the three new incentive programs proposed by the EDC. He stated that in order to meet the objectives for new business attraction and existing business expansion set forth in the *Forging Ahead* strategic plan, EDC staff and stakeholders have identified a need for the creation of a set of economic development incentives to assist in these endeavors.

Mr. Springer indicated that EDC began this process last summer by studying what competitive communities around the country are able to offer as far as local economic development incentives. He explained that when he says "local economic development incentives" he is talking about an incentive component related to a project that is relocating or a major expansion project. Mr. Springer pointed out that there are two sides to the incentive component; one is state incentives and the second is local incentives. He stated that McLean County has used mainly state incentives to incentivize projects. Mr. Springer noted that there have been occasional times when tools such as TIF or local property tax abatement have been used. He added that, generally, the "tools in the toolbox" that we have been working with is what has been available at the state level.

Mr. Springer stated that, upon looking at what our competitors are able to offer, it is evident that the McLean County community is operating at a competitive disadvantage in regards to local incentives. He indicated that most competitive communities have a "toolbox" of local incentives, which, in some cases, have been available for decades. Mr. Springer cautioned that the state may not be able to be relied upon in the future to be the sole provider of economic development incentives, noting that the Legislature has had a tendency to threaten to reduce or modify its incentive programs that would add layers of bureaucracy.

Mr. Springer advised that the EDC would like to propose the creation of an incentives framework. He indicated that EDC would like to begin a framework with five of the larger taxing bodies in McLean County, namely McLean County, Bloomington, Normal, and the two school districts to create a set of common guidelines for economic development incentives that we can use pro-actively when we start to negotiate with companies. Mr. Springer stated that EDC would like to establish these programs via a Memorandum of Understanding with the five taxing bodies and then expand that to other taxing bodies in the future.

Mr. Springer noted that this program will have a couple different benefits. First of all, for the Economic Development Council and for economic development in general it will provide predictable incentives that can be used that can give EDC something that can be put on the table at the beginning of negotiations with a company. Mr. Springer indicated that, right now, if we were to look at putting together a Bridgestone-type property tax abatement it is necessary for EDC to start at square one each and every time, which takes a lot of valuable time away from the negotiation table. He added that it is a cumbersome process and makes it difficult to compete against communities that are able to put tools on the table in a much quicker timeframe. Mr. Springer stated that a toolbox of incentives would provide EDC with an element of speed, make EDC more competitive, and level the playing field between McLean County and competitors from around the country

Mr. Springer indicated that there are benefits not only to EDC, but to taxing bodies as well. He noted that a lot of the feedback EDC heard in doing the Bridgestone Property Tax Abatement and the Wirtz Property Tax Abatement was that the questions of whether or not there was transparency in these tools. Mr. Springer stated that the idea of setting up these programs ahead of time with very clear expectations, very clear thresholds, and very clear points of entry is that it becomes a transparent process. He added that this will also pre-define the terms and the amounts of benefits available.

Mr. Springer advised that EDC wants all taxing bodies to be part of the same program, meaning that there will not be a disparity between what one taxing body offers and what another taxing body offers. He indicated that the last advantage of creating these incentive tools is that there would be coordinated management of the programs by the EDC.

Mr. Robustelli asked if McLean County is losing out on economic development projects as a result of not having a local incentive. Mr. Springer replied that every economic development proposal that he has seen always asks what the local incentives are, which is a common expectation that that is going to be a component of any economic development deal. He pointed out that McLean County has done okay in the past by using state incentives such as the Enterprise Zone, but he is concerned that we are now in a different economic environment than we were five years ago and those state programs that we have relied upon may not be around or may be changed in the future in a way that makes them unusable.

Mr. Robustelli asked if this toolbox of incentives would take away the County's authority to make decisions project by project. Mr. Springer replied that everyone would retain their existing approval authority. He indicated that he is just trying to set up the guidelines for these projects ahead of time. Mr. Springer added that without these incentives the EDC may not be able to put something on the table immediately, and projects may be lost to other communities that have a framework of incentives in place.

Mr. Cavallini asked if it will be necessary for EDC to still go to each of the taxing bodies if this framework is set up, or are we giving the EDC a blank check. Mr. Springer replied that if McLean County were to agree to this framework and if the project met all guidelines and requirements, the County would honor that agreement. Ultimate approval authority would still remain with the County Board and with each taxing body. Mr. Wasson explained that, if the County were to adopt a framework, there would be a guide to say "for this many jobs, the County Board would support these types of incentives." He added that each of the plans would still have to be approved by the County Board, but, by setting that framework in place, the Board should be more comfortable and have more confidence as these items move forward based upon the conditions that the County Board set.

Mr. Cavallini asked what are the communities he alluded to that already have this type of incentive program. Mr. Springer replied that eight communities were looked at, namely Amherst, New York; Champaign-Urbana, Illinois; Columbia, Missouri; Council Bluffs, Iowa; De Moines, Iowa; Fort Collins, Colorado, Iowa City, Iowa; and Lafayette, Indiana. He added that all eight of those communities have some type of property tax incentive at a local level that they are able to apply to economic development. Chairman Sorensen pointed out that, technically, the County also has a property tax incentive in that we have provided such incentives to businesses in the past. Mr. Springer responded that the difference is that these programs are already pre-established. He noted that it is less useful to provide such an incentive from scratch each time as opposed to having something pre-packaged and ready to go.

Mr. Cavallini asked if there are other communities in Illinois besides Champaign that has a pre-packaged framework. Mr. Springer replied that Decatur has a property tax abatement as part of their Enterprise Zone as does Peoria and Springfield. He indicated that the kinds of tools that he is proposing are not radical in any way; rather, they are tools ripped from other communities' playbooks.

Ms. Schafer asked if Mr. Springer could give specific examples of businesses that McLean County may have lost to another community within Illinois because we did not have this program. Mr. Springer replied that it is difficult to make that assessment because when we lose out on a project there is generally no feedback from that company. He added that many times EDC is responding to RFPs for projects where the company is not even known. Mr. Springer advised that every single proposal that he has seen has a box for local incentives that he always leaves blank.

Mr. Erickson asked if there is any economic data on how well those incentives are working with communities who have an incentive package. Mr. Springer replied that he has not seen a historical report on any one city's property tax program's success. He stated that he has some examples where that type of program is working, but specific data would be difficult to determine.

Mr. Springer indicated that the three incentives that EDC is proposing are as follows:

- A "Limited, Discretionary Property Tax Abatement on Improvements (PTA),
- McLean County New-hire Incentive (NHI) small cash grant program for hiring high wage workers; and
- McLean County Swift-Hire Program.

Mr. Springer stated that the Property Tax Abatement is based on what was put together for Bridgestone. He noted that it would be a five-year term and we would only abate property taxes on improvements made to the project thereby not touching existing tax revenues. Mr. Springer indicated that elected councils would retain approval authority on each deal. Eligible projects would include new attraction and competitively-bid expansion projects that meet the following minimum qualification criteria in order to be considered for abatement:

- Create or retain 50 or more FTE jobs, and
- Increase the property tax base by \$5 million or more, or
- Enact a property lease with a minimum term of five years whose value is \$600,000 annually.

Mr. Springer noted that very strong "clawback" provisions need to be in place and an annual inspection and monitoring ability written into the agreement in order to ensure performance.

Mr. Springer advised that the second incentive under consideration is the McLean County New-hire Incentive (NHI), which is a pool of money that could be provided as up-front grants. He stated that small and mid-sized companies that create a number of new FTE positions could receive a cash grant if the project is unable to utilize either Enterprise Zone or Property Tax Abatement. Projects must create at least 20 FTE jobs that pay more than 1.5 times the metro-area per-capita wage. Mr. Springer noted that this is based on an incentive that is available in Champaign.

Mr. Springer indicated that the EDC proposes that each of the participating municipalities contribute an amount to the NHI on a per-capita basis. The fund should ideally have at least \$100,000 available. Mr. Springer noted that the unused dollars could roll-over into next year's pool. He stated that companies that meet the eligibility criteria could receive \$1,000 per FTE job created.

Mr. Springer reviewed the final Incentive Program, which is the McLean County Swift-Hire Program. He indicated that companies that have acute needs for ready-to-hire workers can take advantage of McLean County Swift-Hire (MCSH). Mr. Springer stated that the "boot-camp" style workforce program will pre-screen and pre-qualify workers for specific mass-hiring events, allowing companies to select a new workforce without having to bear the monetary and temporal costs associated with cold-hiring. He noted that this program had a very successful model in Georgia called "Georgia Quick Start" that is state-funded. Mr. Springer indicated that this may be considered on a regional level. He advised that the EDC is not ready to present a framework for this program, but it is something that they wish to continue to work on as part of the overall approach.

Chairman Sorensen asked Mr. Springer if he is familiar with the Workforce Investment Board, which is a company that currently provides this service for employers over a four-county area. Mr. Springer replied that EDC would like to take that service and take it up a notch to see how it can be used as part of the incentive program. He pointed out that Georgia was able to add the dollar value of the training and include it in their incentive program which made it look like they had the biggest package. Chairman Sorensen noted that when Cook Industries opened their new big production plant in Fulton County, the Workforce Investment actually put eight HR professionals on-site for the first year.

Mr. Springer advised that the EDC would like to create separate Memorandums of Understanding for each of these incentive programs. He pointed out that they are further along in development of some of these programs than others. Mr. Springer stated that the property tax abatement piece will be the first part that will likely be brought forward. He explained that he wanted to get feedback and input before EDC brings the Memorandum of Understanding (MOU) to the Board. Mr. Springer reminded the Committee that there are five governments with which the EDC would like to get involved, and reach a consensus with before the MOU is developed. He noted that the MOUs would then be brought to the councils and boards for votes.

Mr. Springer encouraged the Committee members to review the material in the packet and provide feedback to the EDC.

Mr. Segobiano stated that he would not object to any framework or tools that would help perpetuate McLean County. He expressed concern about the County Board giving up the right to act as a standing government body, which Mr. Springer clarified earlier. He believes it is important that the Board retain its responsibility as an elected Board to make decisions or, in fact, to go our own way on any project that may come to McLean County that we think will benefit McLean County. Mr. Segobiano pointed out that on page 55 it talks about creating an advisory or oversight committee to make a decision. He stated that the County already has a Committee structure, and programs or problems go to the proper oversight committee. Mr. Segobiano feels that for the McLean County Swift-Hire Program to create an advisory or oversight committee would only be adding another level of bureaucracy within the County Board.

Mr. Segobiano referred to page 52 where it talked about locating in a “targeted area.” He stated that before he agrees to anything like this, he would like to know what areas are “targeted areas.” He reiterated that he is not opposed to looking at a framework or tools, but he thinks that, as an elected body, the Board should retain the right to do as it sees fit. Mr. Segobiano also expressed concern about the tax money being lost from the schools for these projects.

Chairman Sorensen stated that he believes that we learned earlier in the year that there are more taxing districts that are interested in economic development than just Unit 5, District 87, City of Bloomington, Town of Normal and McLean County. He encouraged Mr. Springer to give some thought to how to get the smaller, rural municipalities or even smaller school districts involved. Mr. Springer replied that it is the intention of EDC to get this set up and replicate it for anyone who wants to participate.

Mr. Robustelli indicated that one of the things that he would be looking for in any proposals are headers that says “Accountability” and “Transparency” so that we know exactly how we are going to hold those that we engage with in these agreements accountable and how we are going to do our responsibility to the public to explain the payoff, the costs, etc.

Mr. Wasson advised that the Administrator’s Office believes that this is a very good idea because of those two things, namely to meet the need for transparency and how the County Board evaluates projects, and also setting up mechanisms that we are all comfortable with on evaluating these projects. He noted that this is not a project that will be ready next month. Rather, it will be, presented to appropriate oversight committees, specifically the Finance Committee, to evaluate, and as EDC works with other governmental bodies to get feedback. Mr. Wasson stated that this will be the process over the next few months.

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Mr. Owens commented that what EDC has proposed are steps that Committee members talked about wanting, which is a framework of criteria.

Chairman Sorensen asked if there were any more questions or comments. Hearing none, he thanked Mr. Springer.

Chairman Sorensen presented the July 31, 2013 bills as recommended and transmitted by the County Auditor for payment. The Fund Total is \$662,640.39 and the Prepaid Total is the same.

Motion by Cavallini/Owens to recommend Approval of the Executive Committee bills for July 31, 2013 as presented to the Committee by the County Auditor.
Motion carried.

There being no further business to come before the Committee, Chairman Sorensen adjourned the meeting at 5:19 p.m.

Respectfully Submitted,

Judith A. LaCasse
Recording Secretary