



# CITY OF FRANKLIN

COMMUNITY DEVELOPMENT DEPARTMENT

## MINUTES

### REDEVELOPMENT COMMISSION

October 20, 2015

#### **Members Present:**

Bob Heuchan	President
Jay Goad	Vice-President
BJ Deppe	Secretary
Rob Henderson	Member
Danny Vaught	Franklin Community School Corporation Representative
Richard Wertz	Member

#### **Others Present:**

Krista Linke	Director of Community Development
Julie Spate	Recording Secretary
Rob Schafstall	Legal Counsel

#### **Call to Order:**

Bob Heuchan called the meeting to order at 8:00 a.m.

#### **Approval of Minutes:**

Richard Wertz made a motion to approve the September 21, 2015 minutes. BJ Deppe seconded the motion. The motion carried.

#### **New Business:**

##### **Resolution 2015-26: \$500,000 Grant to the Franklin Development Corporation:**

Krista Linke introduced the grant agreement written by Rob Schafstall. This agreement is for discussion regarding the \$500,000 request from the FDC for programming in 2016. Mr. Schafstall cited both this agreement and resolution are similar to the ones held with FDC for B2S Labs. Mr. Wertz asked if this was on the agenda. Mr. Heuchan asked Mr. Schafstall what procedure should be followed for this. Mr. Schafstall advised putting the agreement on next month's agenda so the public can see it. The resolution could be done today or bumped to next month as well. Jay Goad asked if the FDC needed the money within a particular timeframe. Mr. Schafstall stated no, as it was all intended for 2016 programming. Mr. Wertz made a motion to table both the agreement and resolution until the November meeting. A second was made by Mr. Goad. The motion passed. Mr. Wertz asked Ms. Linke to send out the grant agreement.

##### **Economic Development Agreement – Franklin Community School Corporation:**

Mr. Schafstall explained that this agreement and companion resolution are similar to what RDC has done for the school corporation in the past. It has been reviewed by the school corporation's attorney and is ready for consideration and vote today. The exhibit with the agreement details what the money will be spent for. "800 technology devices in order to equip all 2015-16 Franklin Community Middle School students." Mr. Schafstall directed that a public hearing is required for the resolution but not on the agreement. Following the motion that approved the resolution below, a motion was made by Mr. Wertz to accept this agreement. A second was made by Mr. Goad. The motion passed with one nay from Mr. Deppe.

### **Resolution 2015-27: \$375,000 for Educational Programming**

Mr. Goad made a motion to read by title only. Mr. Wertz seconded. The motion passed with one nay from BJ Deppe. Mr. Heuchan called for a public hearing. Mr. Schafstall pointed out that the resolution directs the Clerk to draw down the capital expense fund first and then to tap the TIF accounts if necessary. Mr. Goad thought there is enough money in the capital accounts to pay for it. Ms. Linke explained that part of it is invested, so we will have to pull from that investment, but there is over \$700,000 in that account. Mr. Deppe reiterated his belief that this is not a proper expenditure of TIF funds. The issue is not whether it is a good program and is necessary, but he stated that is not a sufficient condition to approve this request. A \$15 million bonds was issued with nothing about Chromebooks in it. Earlier this year the economic development plan was redone, identifying approximately \$55 million worth of projects for traditional infrastructure and nothing about Chromebooks was in there either. Mr. Deppe further offered some examples of other organizations potentially requesting RDC dollars for educational projects he believes the RDC would not fund and feels we are favoring the schools over other organizations in taxing districts and maintained it isn't right. If there were excess money above the projects already identified, Mr. Deppe believes the RDC should give that money back to the county to divide evenly among all the taxing districts, not favoring one over the others. Mr. Deppe believes if we give to one taxing district rather than turning the money back, RDC is taking money from the other taxing districts and giving it to the school which isn't fair. Though it may be a good program, Mr. Deppe doesn't feel this is the place for it. He thinks the school should live within their own budget as should all the taxing districts and for these reasons remains opposed. Mr. Heuchan closed the public hearing. Mr. Goad moved to approve the resolution. Mr. Wertz seconded. The motion passed with one nay from Mr. Deppe.

### **Old Business:**

#### **Creation of new TIF Districts Discussion**

Ms. Linke introduced that from last month's meeting the RDC had requested to investigate numbers for creation of new TIF districts based on the new Meijer construction and Kroger west of 31. A map handout was distributed. Mr. Schafstall had asked Jeff Peters to put together preliminary numbers of what revenue might be expected. Mr. Peters distributed handouts of estimates to focus on for his presentation. He walked through each document in detail explaining all he had calculated and written. Mr. Peters did identify that if a more detailed estimate was desired, it should be asked for from the assessor's office to see if they can provide such. Mr. Peters did ask about two unknown parcels, one that is part of Simon Farm and doesn't appear to be reflected on the Meijer drawing. Ms. Linke identified one of the two parcels as having been annexed but doesn't believe the northern parcel has been purchased. Mr. Peters continued with explanation for the Kroger build area. Mr. Peters explained his assumptions for the estimates produced in light of some unknowns about the Kroger build. He recognized that this may be a conservative estimate. Considering all this together results in around \$21 million in assessed value. One area this estimate does not include is all the property found in a retail establishment like these as personal property of a retail nature cannot be captured in a TIF district. Only R & D, manufacturing, etc., are areas where retail personal property can be captured. Mr. Peters continued with his presentation, referring to his handouts on tax impact estimate and circuit breaker. He anticipates the circuit breaker being \$3,580,365.00. The estimated total tax impact for the estimated TIF capture of \$21 million is about \$72,500 and the circuit breaker impact about \$211,000, so the total impact would be around \$283,000. The final handout of Mr. Peters' presentation reviewed the potential revenue harvest on the \$21 million. Across a 24 year period, the revenue would estimate to be approximately \$15 million.

Rob Henderson asked if a designation can be made for a shorter life span than 25 years for a TIF. Mr. Schafstall confirmed yes. Mr. Deppe asked if it was set up for 25 and along the way discovered the money was not needed, could it be given back and Mr. Schafstall confirmed this as well or reminded that the TIF could be terminated. Mr. Henderson asked if there have been any changes at the statehouse to Indiana statute that would elevate the timeline of a decision regarding TIF and what RDC is contemplating to do. Mr. Schafstall is

not aware of any. Mr. Peters spoke to the changes of a couple years ago, believing they accomplished what they felt was needed at that time and that those will stand for some time to come. Mr. Goad asked if a TIF could be created that would only use the monies raised from the township and city alone, no other entities. Mr. Peters has never seen this done. He deferred on whether it could be legally done but suggested it might be a little difficult at the auditor's office because it is not conventional. Mr. Peters' experience is that it is all taxable entities or none, harvesting the district rate and making it invisible to the taxpayer. Mr. Goad asked for the actual process of approving a new TIF district. Mr. Schafstall explained the four-step process that starts with a declaratory resolution by RDC, then to Plan Commission for their determination that it is consistent with the city's comprehensive plan, then to City Council for the same determination, then back to RDC for a public hearing and confirmatory resolution. Mr. Wertz sees need in Franklin for inter-structure improvements from Jefferson Street to Knollwood with sidewalks, trails, lighting, crossing paths to get the community from east to west. He also expressed concern about the lack of safe mobility along 31 between North Main Street and the Walmart and Lowe's. This money would go a long way to making these improvements. Mr. Henderson echoed Mr. Wertz's sentiments, highlighting the 31 commercial and retail corridor as well. Mr. Goad asked how this would be funded without a TIF district. Mr. Schafstall said the normal city budget would have to be used, interplayed with the state. Mr. Deppe asked if in order to capture the additional AV does the TIF have to be in place by Dec. 31 or Mar 1? Mr. Peters responded Mar. 1. If it is done before Mar. 1, 2016, you are able to revert back to Mar. 1, 2015, pay 2016, so that will be the base year. If it's after Mar. 1, 2015, then it reverts to Mar. 1, 2016, pay 2017 would be your base. So if no construction has started as of Mar. 1 and none of the property values have changed from agricultural to commercial, then the situation is the same from one year to the next with the low base and harvest the most amount of increment. If construction is started prior to Mar. 1 and put into the TIF after Mar. 1, the assessor is supposed to go out and value the land as potentially primary retail resulting in a higher base, a smaller increment and less revenue going forward. Mr. Deppe concluded the longer you wait, the more you lose in terms of the TIF capture. Mr. Peters agreed potentially. Mr. Deppe further asked that potentially if buildings were completed during calendar year 2016, you could lose all the increased AV? Mr. Peters said no because it will go back to Mar. 1 of 2016. Mr. Deppe reviewed that all the construction, if not until after Mar. 1, would not be captured. Mr. Peters affirmed. Mr. Goad expressed the desire to look at all options to address the need along the 31 corridor and not just limit the discussion to a new TIF but include the city and state as well. Mr. Heuchan called for audience comment. Mr. Deppe asked if the tax impact statement goes out before the declaratory resolution. Mr. Peters explained that it is part of the declaratory and public hearing but definitely before the confirmatory resolution. It has to be out 10 days prior to the public hearing. Mr. Heuchan understands that the money raised has to stay in the TIF district and can't be spent all up and down the 31 corridor. Mr. Schafstall explained not exactly, that a new economic development area could be created that would be for just the 31 corridor as an example and both Kroger and Meijer revenues could be spent within that corridor. Mr. Heuchan asked if it could go as far north as the Knollwood subdivision. Mr. Schafstall affirmed. Mr. Wertz thinks the city and state could do this but it is a slow process to the taxpayer and the state. Mr. Goad doesn't dismiss the need but thinks TIF is sometimes a convenient crutch. He is very sensitive that of the \$630,000 to be raised annually, \$280,000 will come out of the schools.

## **Other Business**

### **Shell Building Discussion:**

Mr. Henderson with Cheryl Morphew in the audience had hoped to bring more data in today with industrial brokers speaking on current inventory and general market conditions, but with personal time constraints, their target is now November. They are meeting tomorrow afternoon with a couple folks from Runnebohm to look at some conceptual drawings of the 70 acres off Commerce Drive.

### **September 2015 Financial Report:**

Ms. Linke highlighted the changes to be updated interests and approved resolutions. She listed those

approved through the TIF bond so all could be tracked in one area, but if the board prefers they can be removed. The report shows the estimated end balance for yearend to be around \$4.5 million. Mr. Goad remembered last year looking at the “leftover” that would be swept at the beginning of the year and asked Mr. Heuchan if that was still a good exercise. Ms. Linke has to do encumbrances for the clerk’s office anyway, so she will do that for RDC as well. Mr. Goad wondered if there might be any nice surprises coming. Ms. Linke said no. If there are any resolutions not spent, Ms. Linke is not aware of any that will be let to expire. Rather they would all be encumbered over to next year. Mr. Wertz asked if there is \$20,000 left in Resolution 2014-15, the Old Post Brew Pub and Ms. Linke affirmed.

**2015 TIF Bond Project List:**

Ms. Linke reported that this is the same as the last meeting. The resolution numbers for the downtown redevelopment projects were updated since approved at the last meeting.

**Cash Flow Analysis Worksheet #22:**

There were very few changes. The FDC and Chromebooks requests were added to projects under consideration. For the next meeting Chromebooks will move up to approved projects. FDC will stay the same until a decision is made.

**Public Comment and Announcements**

Mr. Wertz asked for the status of the Heritage/Artcraft report to be presented to RDC. Mr. Shilts reported that it will be given at the November meeting.

Mr. Heuchan reported that downtown Franklin had experienced some vandalism overnight.

There being no further business, the meeting was adjourned at 8:56am.

Respectfully submitted this 17th day of November, 2015.

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Bob Heuchan, President

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BJ Deppe, Secretary