



CITY OF FRANKLIN

COMMUNITY DEVELOPMENT DEPARTMENT

MINUTES

JOINT MEETING OF REDEVELOPMENT COMMISSION AND CITY COUNCIL January 28, 2019

RDC Members Present:

Bob Heuchan President
Richard Wertz Vice President
Paul Buening Member
Kristi Ott School Board Representative

City Council Members Present:

Steve Barnett Mayor
Danny Richards Member
Danny Blankenship..... Member
Andrew Eggers Vice President
Richard Wertz Member
Bob Heuchan..... Member
Ken Austin President
Joe Abban..... Member

Others Present:

Krista Linke	Director of Community Development
Rob Schafstall	RDC Legal Counsel
Lynn Gray	City Council Legal Counsel

Call to Order:

Mayor Steve Barnett called the meeting to order. Jayne Rhoades conducted roll call. BJ Deppe and Paul Buening were not present. Mr. Buening was expected late. The pledge of allegiance was offered. Mayor Barnett gave the background and explanation of the joint meeting.

Old Business

None.

New Business

Recap of Existing TIF Districts (Allocation Areas) and Integrated Economic Development Areas – Krista Linke gave the definition of a TIF (Tax Increment Finance) District, also considered an allocation area. It is set up with a base assessed value and the increment as the property values increase is captured from those parcels specifically. An Integrated Economic Development Area by definition is a larger area where smaller TIF Districts increments can be spent. Ms. Linke pointed out on a map the north US 31 TIF District centered around the Meijer and the south district centered around the Kroger. Over the last two years the balance collected is close to a half million dollars. Ms. Linke also pointed out several older

TIF Districts. Mayor Barnett added that one of the main reasons the US 31 TIF districts were created was to pay for better pedestrian traffic for the schools.

Current RDC Financials – Year End 2018 – Ms. Linke explained the RDC financial reports and accounts. Each year approximately \$70,000 in interest is earned on RDC investments. The cash balance at the beginning of 2018 was \$7.7 million. Property tax disbursements are received in June and December each year. \$2,159,000 was received in June and \$1,886,000 in December. Interest earned on deposits was \$51,000. Reimbursements from grant matches in 2018 was a total of \$325,000. Ms. Linke explained the RDC resolution and encumbrance structure and process with 2018 resolution financial standings. The beginning cash balance for 2019 will be \$5,295,000.

Projected Cash Flow Analysis and Projects Under Consideration – Mayor Barnett highlighted 2019 projects, start dates and sources for payment.

Ms. Linke explained the cash flow analysis report. It is a three-year report. The cash flow report reflects all possible projects but not all have been approved. Projects planned for 2019 is \$8,692,000 in projects. This is worst case scenario should the shell building not sell. Bob Heuchan asked if the agreement with the Scott Graham family shows on this report and Ms. Linke pointed out that it did. He added that a good part of the \$8.692 is still in the pipeline. Mayor Barnett added that Franklin now has a bond payment annually that comes out of cash flow. Ms. Linke explained the \$15-million-dollar bond approved in 2015 that had to be spent in three years and the resulting debt repayment service. The city pays back \$1,353,737 annually on that bond. South Main Street is the last phase of the nine-phase Gateway project that began in 2009.

Jeff Peters with Peters Municipal Consultants serves the city as financial adviser. He explained his role. The 2015 TIF bonds not only provided money for projects in 2015 -2018, but it extended the life of the TIF allocation areas which will produce future TIF revenue which otherwise would have been lost. This was due to new legislation from 2014.

Capital Funds such as TIF funds routinely need assistance with cash flow as expenditures can be made between January and June, but TIF revenue for that calendar year does not arrive until the end of June. This happens for July through December as well. Two solutions: 1) Tax Anticipation Warrant (TAW) includes interest and professional fee costs, 2) Temporary Loan between other funds of the City. The only cost of solution two is for legal counsel to draft resolution or ordinance. Mr. Peters recommend the use of the Temporary Loan and have identified the General Fund and Rainy Day Fund as having sufficient cash reserves to loan money to the TIF Fund if needed.

In order to pay for the engineering on US 31, bonds will need to be issued. Because of the small number of parcels and retail concentration in Kroger and Meijer in the US 31 TIF areas, the bonds will need to be backed with another security. Using the City's Local Income Tax (LIT) as that security was discussed. Because another security such as property tax or LIT is used, the debt is subject to the bond cap of 1/3 of 2%. Because the available bond cap is partially encumbered by the debt on the City building and only about \$4.0 million remains, the financing will need to be done as Lease Rental Bonds with a building corporation. This is the mechanism provided by statute when you need debt beyond your bond cap. A city asset such as Jefferson Street may be identified for the leased structure for the building corporation.

Young's Creek Greenways Trail Redevelopment Project Overview – Mayor Barnett – The mayor explained the plan for this project to have trails down both sides of 31 and helping with traffic flow. City

Attorney Lynn Gray is working with the state and a possible partnership. The state would spend up to \$45 million, and the city would pay for the engineering totaling \$4-4.5 million. The city doesn't have enough to do that so would have to issue a bond. Mayor Barnett also explained about the Young's Creek Greenways Trail Redevelopment Area and the status of properties that have been purchased and those remaining. He gave an overview of the preliminary plans for the redevelopment of the area. No estimates are available yet for the cost of the proposed improvements. An amphitheater was shown along with a playground area, festival area, shelter houses, and a pedestrian bridge connection to a new segment of Greenway Trail on the north side of the creek. These improvements may need to be done in phases as funding becomes available.

US 31 TIF District Amendment – Mr. Peters highlighted the desired changes, basically combining the north and south allocation areas along 31 which would cover the proposed amphitheater area project. He explained revenues, timeframes, pay offs, bonds and debt caps. The total debt cap for the city is approximately six million dollars.

Ms. Gray assured the state is going to do US 31. It has become a safety concern. Joe Abban stated the state will do what they choose without the city, or Franklin can be involved and have a say in what and how the project happens. Mayor Barnett cited examples that the state would not do the trails, perhaps the pipe under the road, they will design the road as they wish, etc. Ms. Gray assured the state has invited the city's involvement. Mr. Heuchan reminded that this is along US 31 from Knollwood Farms to South Main Street. Andrew Eggers reminded that Franklin had to adopt 44 but would not have to adopt US 31. Ms. Linke added the Franklin is not liable for the upkeep. She explained the need for expansion of the district if it is going to go city limit to city limit and include the amphitheater area. And there is a process for this between RDC, Plan Commission, City Council, and then back to the RDC. Mayor Barnett added discussions about the sale barn (180 S. Jackson Street) for downtown storage purposes. Ken Austin asked if it's possible to do the trails and walkability of 31, etc., for \$2.5 to \$3 million dollars. Ms. Gray reminded that it's not just the trails but having input in the process from beginning to end, being an overall partner. Franklin actually can't do the 31 project without the state as it involves their right-of-way. Mr. Wertz is in support of investing and being current with this project. Mr. Abban expressed support and thinking of students traveling north and south as well. Mr. Heuchan observed bond rates are decent at this time. Mayor Barnett mentioned having applied for the Community Crossings grant. Mayor Barnett cited a good working relationship with the schools.

Consideration of Joint Resolution in support of US EPA Community-wide Brownfield Assessment Grant Application – Ms. Linke described this to be the first step in the amphitheater redevelopment area. There is no match requirement. It would give funding to collect environmental data such as a Phase I or Phase II. Permission is being requested to apply for this grant. Franklin has applied the past three years as a joint coalition with Whiteland and Greenwood and not been granted funding. Franklin is applying alone this year. The Board of Works approved to apply. Ms. Linke explained this to be for assessment only activities and no remediation at this time.

Mr. Eggers made the motion for City Council and Danny Richards seconded. Passed.

Mr. Wertz moved to approve for the RDC. Mr. Buening seconded. Passed.

Other Business

Mayor Barnett announced that Keith Fox has moved outside of the city limits so is no longer eligible to serve on RDC. City Council will make another appointment at their February 4th meeting.

Mayor Barnett called for a special City Council meeting on February 20th.

Danny Blankenship asked for information on AMayZing Foods. Rob Schafstall announced the likelihood of approving a purchase agreement at the next RDC meeting. He anticipates a closing this summer.

Mr. Austin expressed appreciation for the RDC. Mr. Heuchan expressed gratitude to Mr. Peters for his work.

Public Comment and Announcements

None.

Respectfully submitted this 19th day of February, 2019.

Bob Heuchan, President

BJ Deppe, Secretary