

**REDEVELOPMENT COMMISSION MEETING
FEBRUARY 27, 2014**

President Niksch called the meeting to order at 6:03 PM. The Pledge of Allegiance was recited. Recording Secretary Gena Knapp took Roll Call. Members answering the roll call were Doug Niksch, Greg Shook, Phillip Kuiper, Craig Earley, and Tim Cottingham. Jim Langen was not in attendance. Also present were Building Administrator Tom Trulley, Clerk-Treasurer Judith Walters, SEH Representative Matt Reardon, Planning Consultant Jim Mandon, one member of the press and one citizen.

APPROVAL OF MINUTES

Mr. Kuiper made a motion to approve the January 23, 2014 regular meeting minutes, seconded by Mr. Earley and carried by voice vote.

NEW BUSINESS

Discussion: Future of the South Shore Rail Line – Mr. Kuiper introduced Mark Lopez and Liz Johnson, representatives from Congressman Pete Visclosky's office. Mr. Kuiper stated that this railroad project goes back twelve years for him. He went on to give a little bit of background regarding the study that was done twelve years ago and about the progress that has been made in Lowell. Mr. Kuiper stated this Commission has a lot of questions regarding the railroad and how it will affect the Town financially. Mr. Lopez stated that he appreciated the invitation to come and speak at the meeting. About ten years ago, twelve communities and two counties came together to participate in a study to determine if there was any potential to expand the South Shore Commuter Rail Line south from Chicago, through Hammond, Munster, to Lowell, and east from Munster to Valparaiso. The purpose of that study was to see if the project would even be eligible for Federal funding, which we found out that it was eligible for Federal cost sharing at 50/50. In 2008, the economy had a bit of a hiccup, and it was not appropriate at that point to go to municipal jurisdictions and figure out what would be the non-federal revenue stream. The communities in Lake County also had to deal with frozen levies as well. With all of that, we decided to put the project on the back burner. He stated with the passage of the Lake County Option Income Tax, there are three columns included. The first is the property tax replacement credit. That is approximately \$100 million that would go to the municipal jurisdictions in Lake County to help offset the circuit breaker with the implementation of the 1, 2, 3 property tax caps. When the County Option Income Tax was passed, it removed the frozen levy and provided some help on that circuit breaker component. About twenty-five percent of the 1.5% tax that was implemented is for Public Safety. In the third column, which is about 25%, it equals around \$25 million as well. That is what brings us here today. The Congressman has participated in a series of public events and was asked by the State Legislators to head up a working group to see if this is something that we could get more momentum towards. The State of Indiana has expressed interest in economic development in Lake County and we wanted to take advantage of their interest. One of the things that the Congressman likes to point out is that since 1970, the population in Lake County has reduced by 9.6%, the average age has increased by 43%, and the average household income in Lake County is 15.25% lower today than in 1970. The people that came to Lake County before us invested in steel mills, oil refineries, existing south shore rail lines, ports of Indiana, and harbors to help embrace the economic industrial opportunities. Since then there has been an erosion and deterioration of our economic base. Mr. Visclosky is hoping that this is an opportunity to figure out why the collar Counties around Cook County in Illinois are growing at a much faster clip than us. These people know that the jobs in Chicago pay about

40% more on average than the jobs in Lake County or in the collar Counties. If they have access to commuter rail, they will pay more for a smaller house, higher property taxes, and higher income taxes because they like the reliability of being close to that rail so they can get home to their kids and have a quality of life. Mr. Lopez stated today Illinois has 487 miles of rail line, and we have 38 miles in Lake County, Indiana. We believe that this would be the thread that would weave together our low income tax, low taxes, and good quality of life that would connect us closer to the great economic engine of Chicago. You cannot dispute the fact that Chicago is a \$500 billion economy and that it is one of the top ten largest economies on the planet earth. They have growth in the collar counties because of the convenience of getting to and from those jobs.

Mr. Lopez stated that one of things people have pointed out is that only 20% of the Lake County residents work in Cook County. Those people are going to downtown Chicago and earning more income, and then taking that from Chicago and bringing it to their community when they go to the dentist or the grocery store. Mr. Lopez explained some of the success stories that the Congressman has had so far, but explained that there has not been a transformational intergenerational project like this that would attract young people to the area and add to the population of Lake County. He stated with that third column generating about \$24 million and with the charge of the State of Indiana, they said they would love to help us. They are requesting \$8 million from the locals. They have divided \$24 million by 30% and came up with the \$8 million they are requesting. He stated letters have been sent out requesting any consideration, but we recognize that this year may not be an option with the frozen levy. We need to ask, what is it that we are going to spend that economic development money on that will help grow your assessed evaluation. We are hopeful that the communities in Lake County will take in to consideration what percentages they are willing to invest in the future that will allow people to come here and grow. Mr. Lopez explained that there is still the question of return on investment and that he would get with the State Budget Agency to break it down by zip code. He stated that this contribution would be \$8 million annually for thirty years, and we are asking for 34% across the board because we are a region, and that is equal. Mr. Lopez went in to further detail of how the entire County would benefit from the rail and how it would impact the County Income Tax and the distribution of it. He stated that we have restarted this effort because it is an Economic Development Tax. We understand that there are operation and maintenance needs for every community, but if we are not growing Lake County, you will see a further deterioration of our population, income, and an increase in our age. We need to attract and keep young talented people.

Mr. Kuiper stated ten years ago when this was started, there were questions about ridership in this community as well. Mr. Lopez stated he would double check, but he believed that we might qualify south of US30. We know the cost to get just south of US30 because we have the right-of-way. We can get to that area with a short time elapse. If you commit this money, it is not a guarantee that it will be up and running by 2016. This is a nine-year project. If we can get close to the \$8 million by the end of March, you are looking at 2023 before someone can get on a train in the Dyer/Schererville area. We owe it to the coming generation to give them the same economic tools that we began with one hundred years ago.

Mr. Niksch stated that Mr. Lopez had mentioned the 5.8 miles just south of US30 that they had the right-of-way to. Mr. Lopez stated that there are some negotiations with CSX, but it is minimal because it dead-ends. Years ago railroads were just giving away the right-of-ways, but they have stopped doing that. CSX has a short portion of that, but it dead-ends at the Old Monon so they are not running any trains on it. Mr. Niksch stated that the right-of-way connects to the Old Monon, which runs through Town, so if it would make it to US30, it would be a matter of negotiations to bring it to Lowell. Mr. Lopez stated we would hope that in the next seven or eight

years when we are building this rail, that someone would realize that it was dumb to stop at US30 and find a way to bring it all of the way down, but they have to see something first. Mr. Niksch asked if any part of the \$8 million commitment would bring the rail to Lowell, or if the money would only be towards the line ending in Dyer. Mr. Lopez stated that the \$8 million for thirty years would only bring the rail to just south of US30, but since it is a percentage, the idea would be that you could pay the bonds off sooner than thirty years if the committed percentages grow. Mr. Niksch stated at that point in time, we could potentially use that as an incentive for businesses to come out here and help pay for that additional percentage. Mr. Lopez stated that it is the Congressman's hope to make it irresistible to say no to. The way that the global economy is working is that there are city-states and we have in our environment the city of Chicago. We need to build off of them and their successes to grow our economy. Other people may have other ideas of what economic development is, but with the implementation of the tax, we felt that it was worth making the argument that it is a three to one return and it puts people to work. If you are working in Lake County, you are paying a Lake County Income Tax, which comes back to you. Now we are growing our economy and not just managing the decent.

Mr. Cottingham asked if the operational costs would be covered strictly by ticket sales. Mr. Lopez stated that no transportation system is ever self-sustaining. He gave the example of NICTD, Northern Indiana Commuter Transportation District, and how they get 50% of their operational costs recovered from the fare box. He stated that the shortfall is provided through the State. The State of Indiana, in a non-budget year, has identified \$4 million that they would like to support for the train expansion. You would bank that money over the course of construction, which would offset your maintenance cost. NICTD would be the operator and they would have the responsibility of the long-term operation and maintenance. The existing line's economic impact is about \$270 million in Indiana and the new line would be about \$167 million. It is too hard to say no to. Discussion followed regarding the ways you can bring the money from Chicago to the surrounding areas and the families that are leaving this area to be closer to the jobs in the city.

Mr. Kuiper asked how many communities are involved in the \$8 million. Mr. Lopez stated there are nineteen different municipal jurisdictions in Lake County that will split \$24 million. To get the \$8 million, it is 34% of each recipient. It is only those who get a portion of the Community Economic Development Income Tax. We understand that there are sewer and road needs, but if there is no new assessed evaluation growth, we will still be facing the same problems. Mr. Niksch stated we are facing that right now. He explained that he works in Cook County and passes the Hazel Crest train station every day and sees how packed it is with people going to the city to make their money. Mr. Lopez stated there are 4.2 million jobs in Chicago. There are not that many jobs in the State of Indiana.

Mr. Lopez stated that currently Hobart is going to be contributing 18%, Munster will be contributing 34%, and Lake County will be contributing 25%. We are at about \$3 million right now. We would at least like a yes or no because if the answer is no, then we need to start looking at other available avenues. Mr. Earley asked if we raise the \$8 million, would this be done in phases? Mr. Lopez stated today, we are talking about building to just south of US30. If the economy grows and you pay the bonds off quicker, it would be a nice replacement revenue stream to continue going south. We are not promising everybody everything just to get something. Any potential expansion beyond US30, we would be completely supportive of. Mr. Cottingham stated it would even benefit us if the train were in Dyer. Discussion followed.

Mr. Lopez stated that they would like to get some sort of letter of intent together to show where the funds will be held and who is participating. Mr. Kuiper stated it would be beneficial for us to

have you come back in front of the Town Council since this Commission cannot give that yay or nay on the commitment. Mr. Lopez stated they are trying to use every opportunity they can to be transparent to the communities. He thanked the Commission for having him and letting him explain what the potential plans are.

Criteria for Utilizing Matt Reardon – Mr. Niksch stated at our last meeting we came up with a number of different goals for 2014, and one item was to start utilizing Mr. Reardon's skills more than we have. He stated that he knew Mr. Reardon's skill set very well and believes that the Town could utilize him more. Mr. Reardon stated the best thing to do is to call me when there is a transactional activity involved. This way we can sit down and discuss anything that would impact the Redevelopment Commission, or potential incentive deals. As far as Redevelopment and Economic Development, when we have a deal, we can put everything together to see if it would work and get with Greg Guerrettaz if there is a TIF involved. Mr. Kuiper gave the example of how they worked together on the medical center that just opened. He stated when this Commission was formed, we called on Mr. Reardon to help us figure out what we can do from a redevelopment standpoint and how the TIF, tax abatements, and revitalization area could be utilized.

Mr. Earley stated that Mr. Reardon has spoke in the past about how to better advertise our community, which is not his job to do, but ours so that he could do his job and get interested businesses in. We have talked about advertising with Indiana Forum, NIPSCO, and Loop Net, which we really need to do so that Mr. Reardon has more to work with. Mr. Reardon stated we had left off with working more with the school to get the website updated and turning the page with social media. It is hard when there is a deal out there and they have no idea where a particular available property is. You could step up the web page effectively and link to all three of those forums to advertise. Mr. Cottingham stated we also need to talk about where we want to go and what infrastructure we have in place or what it would cost to put that package together. Mr. Reardon stated that he agreed. Mr. Kuiper stated that is not unlike how we figured out the medical center. He stated the Revitalization District has not been utilized yet, but a lot of people do not know that it exists. Mr. Kuiper asked if there was some sort of legislation that had changed on that. Mr. Reardon stated the Council has ultimate control on the tax abatement. You can grant 100% tax abatement for up to ten years. The creation of the Downtown District allows for an abated amount of the assessed value of the property and improvements for up to three years. All of that is something that you could throw on your website as well to advertise that these deals are out there.

Mr. Niksch stated he remembered Mr. Reardon saying that it would be easy to get involved with sites like Loop Net. Mr. Reardon stated it is easy to do, but there is some small cost involved. Discussion followed regarding becoming members of different sites that advertise vacant properties. Mr. Niksch stated when the Redevelopment Commission was created; we used Mr. Reardon with the idea that he would lead us through the process to get ourselves in to a position to bring additional revenue to the Town. We have accomplished setting this system up, but should we just sit and wait to see what happens, or continue to flow. Mr. Reardon stated there are five projects in your TIF district right now. One of them is a bond deal, the rest are not, two have abatements, and the other three do not. You are generating revenue that the Clerk-Treasurer will keep track of, and it will be set aside for redevelopment purposes. There were some target sites such as Reiter, the American Legion, and Costas, so what you have set up is in motion. You just need to close the loop by getting the information out there in the most cost efficient way. Mr. Niksch stated as we proceed with our agendas, we will approach Mr. Reardon as we need him. Mr. Reardon stated a few years ago, you were behind. You are now caught up with everyone; you just need to promote it.

PUBLIC COMMENT

Clerk-Treasurer Judith Walters asked if Mr. Nicksch had spoken to Jay Blackman from the school regarding the website. Mr. Nicksch stated he did send a message to Mr. Blackman, but he has not heard back. He stated that he also told Mr. Cottingham this evening and he had said that he would go back and figure out what happened.

ADJOURNMENT

With no further questions or comments, Mr. Kuiper made a motion to adjourn the meeting at 6:57 PM, seconded by Mr. Earley and carried by voice vote.

Doug Nicksch, President

Greg Shook, Secretary