

**Council Questions/Comments and Staff Responses Report for March 10, 2014**  
*as of March 10, 2014 at 12:50 p.m.*

**CONSENT AGENDA**

**Alderman:** Rob Fazzini

**Item 8D.** Intergovernmental Agreements with the County of McLean and Town of Normal, regulating use of the Police Range Facility.

**Question/Comment:** Why are we considering this in March when the intergovernmental agreement expired 12-31-13? How many intergovernmental agreements does the City of Bloomington have with other governmental agencies? I believe the public would be quite surprised by the extent of inter-governmental cooperation.

**Staff Response:** Both Normal and the County wanted to see what the City's plans were to repair the range facilities. The City Manager wanted to bring both the range roofing contract and the IGA to the Council at the same meeting. Therefore, the decision was made to delay bringing the IGA to the Council.

**Staff Response:** This chart shows the number of intergovernmental contracts and total contracts for the years 2000 through 2012.

<b>Year</b>	<b>IG Contracts</b>	<b>Total Contracts</b>	<b>% IG vs. Total</b>
2000	33	134	24.63%
2001	31	136	22.79%
2002	40	133	30.08%
2003	20	136	14.71%
2004	20	162	12.35%
2005	42	195	21.54%
2006	30	208	14.42%
2007	32	179	17.88%
2008	29	168	17.26%
2009	32	110	29.09%
2010	29	110	26.36%
2011	27	107	25.23%
2012	33	106	31.13%

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**Alderman:** Rob Fazzini

**Item 8G** Application of PATH for a fundraiser to be held on April 3, 2014 from 4:00 p.m. until 12 a.m., (midnight), at the Bloomington Center for the Performing Arts, (BCPA), located at 600 N. East St., for a Limited Alcoholic Liquor License, Class LA, which will allow the selling and serving of all types of alcohol by the glass for consumption on the premise.

**Question/Comment:** Why was there no record of the Liquor Commission vote on this proposal?

**Staff Response:** Addendum II was issued which clarified this item. This event is a fundraiser with a limited time frame, "LA" Limited Liquor License, All types of alcohol. The Mayor is the Liquor Commissioner and has the authority to hold a Liquor Hearing and make a recommendation to Council. Generally for repeat "L" license applications, a hearing is scheduled with the Mayor if there have been no past issues. This is the sixth year for Chefs for PATH.

**Alderman:** Rob Fazzini

**Item 8I.** Ordinance Prohibiting the Use of Groundwater as a Potable Water Supply and Approval of Highway Authority Agreement/Leave-in-place Agreement at 1210 W. Market St.

**Question/Comment:** Although no further economically feasible action can be taken and similar groundwater ordinances for other contaminated locations have been approved in the past, I am concerned about the practical public safety issue that we appear to be perpetuating by approving these types of violations. If there is no public safety issue, why is there an EPA ordinance prohibiting what we are being asked to approve? How many such approvals have previous city councils approved? Should we be concerned that regular approvals to bypass EPA standards might set an undesirable precedent?

**Staff Response:** The Public Works Engineering Division tracks these groundwater ordinance locations in the City's Geographic Information System "GIS". The oldest ordinance in the GIS database dates back to 2003. There are currently 14 locations listed in the GIS. The last one was approved on December 9, 2013. This approval does not bypass IEPA standards. This is a legal instrument that is part of a "Leave in Place Agreement" required by the IEPA to be approved by local agencies prior to the IEPA issuing a letter of "No Further Remediation Required". The petitioner has been required by the IEPA to follow all the rules and regulations related to Leaking Underground Storage Tank "LUST" sites. Part of the requirements is to have a licensed firm drill sampling wells to measure contamination levels over several years. Based on the data that is collected they use computers to model the extent of the suspected contaminated area. This information is used to develop the maps for the ordinance.

# Council Questions/Comments and Staff Responses Report for March 10, 2014

as of March 10, 2014 at 12:50 p.m.

## REGULAR AGENDA

**Alderman:** Rob Fazzini

**Item 9B.** R.R. Donnelley Economic Development Incentive.

**Question/Comment:** How much money would the city receive in sales tax and property tax from 50 people earning an average of \$60,000 or \$3.0 million in a year? It would seem to me that this information would make it quite obvious that the city would benefit far beyond its \$75,000 incentive.

**Staff Response:** The following response is from Justine Robinson, Economic Development Coordinator.

RR Donnelley hopes to tap the talent pool of project-based IT workers that has been built-up over the years in Bloomington-Normal as a result of existing major employers like State Farm. By retaining this IT workforce within the community, corresponding property and sales tax levels generated by these individuals will also be maintained.

Altogether, the sales and property taxes estimated to be retained as a result of the 50 jobs and corresponding employees remaining in the Bloomington-Normal community is approximately \$92,750 per year. Using this line of reasoning, the combined incentive offered by the City of Bloomington and Town of Normal (\$150,000) could be realized within a two (2) year time frame, the same period of time during which RR Donnelley must commit to maintaining these positions.

As a point of consideration, it is important to note that the figures outlined above do not include spending or investments made by family members of the 50 employees hired by RR Donnelley, only the 50 jobs themselves.

*The following information was provided by Ken Springer, Vice President, Economic Development Council of the Bloomington-Normal Area.*

Using national data from the US Bureau of Labor Statistics, we can get an idea about the sales taxes generated by 50 new workers in the \$50,000 per year avg. wage range. The BLS breaks income earners into quintiles based on their pre-tax income level. The BLS estimates that on average, workers earning between \$36,134 and \$59,513 will spend \$23,317 per year on taxable goods and services (which excludes things like housing, cash savings, insurance etc.).

\$23,317 multiplied by 50 workers nets a taxable consumer expenditure of \$1,165,850. Multiplied by a 1.5% home rule sales tax rate, this returns \$17,487 in annual sales taxes to the city. I should note that this figure is conservative, given that the wage floor for the RR Donnelley project is at the upper end of the quintile bracket described above. Likely, the real annual return will be somewhat higher.

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As far as property taxes go, the median home value in Bloomington is \$159,800 (2012 American Community Survey). A house valued at \$159,800 will pay \$564.57 in property taxes annually to the City of Bloomington, based on the most recent tax rates available from the McLean County Treasurer's office. Assuming 50 workers all own houses worth the median, the annual property tax collected by the city would be \$28,228. Note, however that we do not know a) where the workers from the RR Donnelley project will choose to live, and b) what the actual value of their homes will be. This is by far the hardest tax implication to predict.

Local governments in Illinois also get a share of the income taxes collected from both workers and corporations located in their jurisdictions. Localities receive 6% of the net personal income taxes collected and 6.86% of the net corporate income taxes. \$2,500,000 in personal income multiplied by the state income tax rate of 5% nets \$125,000 in tax annually. 6% of that figure equals \$7,500 for the locality.

Added together, the estimated above taxes to the City of Bloomington equal \$53,215. This sum would be collected on an annual basis.

It is also important to note that the above tax estimate ignores both a) taxes collected by all of the other local taxing bodies and the State of Illinois and b) indirect and induced spin-off effects from the project.

Tax collections by other taxing bodies are important to the city because many of these taxing bodies provide services or infrastructure that benefits city residents. For example, the library, school district and water reclamation district all provide benefits to city residents that go unaccounted for when we simply look at municipal tax revenue as we did above. State sales tax revenues provide benefits to residents in much the same manner.

On the issue of spinoff effects, it is well understood that new jobs and investments net a wider impact than their direct costs alone would indicate. Local businesses like sign makers, custodial companies, telecom providers and others will benefit from selling goods & services to the RR Donnelley project. Those business to business transactions will impact the local economy beyond the payroll spending from RR Donnelley's new workers. This kind of spinoff activity is not included in the estimates provided above.

In sum, the impacts of this project will be widely felt on a number of different taxing bodies and will accumulate over time. Even using the incredibly narrow "city incentive vs. city tax revenue" ratio as a benchmark, the project should cover the cost of the incentive within two years. When considering the broader impacts in a holistic view of the community's economy, the payback period is much shorter.

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**Alderman:** Rob Fazzini

**Item 9C.** Professional Engineering Services Agreement with Alfred Benesch & Company for the Design of Fox Creek Rd. Bridge and Road Improvements: Danbury Dr. to Beich Rd., RFQ No. 2014 - 24 (Ward 2).

**Question/Comment:** Where will the funding come from for the \$97,504 in excess of the budget?

**Staff Response:** This project is financed using Motor Fuel Tax Funds which currently has a positive balance of over \$4 million. There are other MFT projects budgeted in FY 2014 that will not be using the budgeted allocation such as the \$600,000 for the Hamilton Road to Bunn Land Purchase.

Prepared by: Tracey Covert, City Clerk