

Subject to approval at the November 4, 2019, Common Council Meeting.

CITY OF WEST LAFAYETTE
COMMON COUNCIL
PRE-COUNCIL MINUTES
OCTOBER 3, 2019

The Common Council of the City of West Lafayette, Indiana, met in the Council Chambers at the Temporary City Hall – Former Happy Hollow Elementary School on October 3, 2019, at the hour of 4:30 p.m.

President Bunder called the meeting to order and presided.

Present: Peter Bunder, Nick DeBoer, Steve Dietrich, Larry Leverenz, David Sanders, Gerald Thomas, and Norris Wang.

Absent: Jonathan Jones and Gerry Keen

Also present: Mayor John Dennis, Corporation Counsel Eric Burns, Clerk Sana Booker, Street Commissioner Ben Anderson, Director of Development Erik Carlson, Facilities Director Tim Clark, Human Resources Director Diane Foster, City Engineer Ed Garrison, City Controller Peter Gray, Fire Chief Tim Heath, WWTU Director David Henderson, and Deputy Police Chief Dave VanVactor.

Councilor Bunder requested that Resolution No. 12-19 be moved to the top of the agenda for Council on Monday, so that the high school students would be able to be dismissed immediately following discussion. All Councilors agreed.

UNFINISHED BUSINESS:

Ordinance No. 25-19 Amending The West Lafayette City Code Concerning Building Permit Conflicts Of Interest (Sponsored by Mayor John Dennis)

Councilor Bunder read Ordinance No. 25-19 by title only.

There was no discussion.

Ordinance No. 26-19 An Ordinance To Set The 2020 Salary Schedule For The Elected Officials Of The City Of West Lafayette, Indiana (Submitted by the Controller)

Councilor Bunder read Ordinance No. 26-19 by title only.

There was no discussion.

Ordinance No. 27-19 An Ordinance To Set The 2020 Salary Schedule For Appointed Officers, Employees, And Members Of The Police And Fire Departments Of The City Of West Lafayette, Indiana. (Presented by the Controller)

Councilor Bunder read Ordinance No. 27-19 by title only.

City Controller Gray stated that a proposed amendment has been attached to the agenda for the ordinance, which reflects the current part-time IT Helpdesk personnel to a full-time position for 2020.

There was no further discussion.

Ordinance No. 28-19 An Ordinance To Set The 2020 Salary Schedule For The Wastewater Treatment Utility As Submitted By The Board Of Public Works And Safety For Approval By The Common Council Of The City Of West Lafayette, Indiana. (Presented by the Board of Public Works)

Councilor Bunder read Ordinance No. 28-19 by title only.

There was no discussion.

NEW BUSINESS:

Ordinance No. 29-19 An Ordinance Requesting An Additional Appropriation To The 2019 Budget (General Fund, Major Budget Classification: Personal) (Submitted by City Controller)

Councilor Bunder read Ordinance No. 29-19 by title only.

City Controller Gray stated that this additional appropriation for the 2019 budget was estimated at half of one million dollars that would not be spent out of the 2018 budget. The funds were incorporated into the 2019 budget. He noted that this situation is similar to what we have done in the past for 2017-2018 budget. When the Department of Local Government Finance (DLGF) looks at the budget they assume that the entire budget will be spent and reduce the budget by the half million dollars. This appropriation is adding in \$360,000.00 back into the budget that was not spent last year.

There was no further discussion

Ordinance No. 30-19 An Ordinance To Amend Ordinance No. 06-19, To Fix The 2019 Salary Schedule For Appointed Officers, Employees, And Members Of The Police And Fire Departments Of The City Of West Lafayette, Indiana (Presented by the Controller)

Councilor Bunder read Ordinance No. 30-19 by title only.

City Controller Gray stated that this is an amendment to the current 2019 salary ordinance, which is to reflect the same position from Ordinance No. 27-19 for the current year.

There was no further discussion

Ordinance No. 31-19 An Ordinance Vacating A Portion Of The Right-Of-Way Of Old McCormick Road Within The City Of West Lafayette (Submitted by Franciscan Alliance, Inc.) (Sponsored by Mayor John Dennis)

Councilor Bunder read Ordinance No. 31-19 by title only.

Corporation Counsel Burns stated that this is a vestige from the distant past that was never brought into the ownership or use of the City, and now we are giving it back. He noted that it has been cleared, with no utility needs.

City Engineer Garrison added that he would be prepared to answer any further questions on Monday.

There was no further discussion

Resolution No. 09-19 Resolution To Cast The Votes Of The City Of West Lafayette In Favor Of Tippecanoe County Income Tax Council Ordinance To Add Public Safety Allocation Rate To Local Income Tax Rate (Sponsored by Mayor John Dennis)

Councilor Bunder read Resolution No. 09-19 by title only.

Mayor John Dennis explained that this resolution is for the police and fire safety tax. It will be specific for the Police and Fire Departments to purchase equipment and cover additional staffing. This is something that the State has empowered us to be able to do. It has been approved by Tippecanoe County and according to Mayor Tony Roswarski, the City of Lafayette will be approving the resolution on Monday. If requested, additional details may be available on Monday for costs, over-time issues, and equipment issues.

Councilor DeBoer noted that those details would be appreciated and helpful.

There was no further discussion

Resolution No. 10-19 A Declaratory Resolution Approving The Designating An Economic Revitalization Area For Real And Personal Property Tax Abatement For Purdue Research Foundation/Saab (Submitted by the Department of Development)

Councilor Bunder read Resolution No. 10-19 by title only.

Corporation Counsel Burns stated that there is a scrivener's error in the title. He explained that the word "designating" should be deleted, and replaced with the words "designation of" to make it more grammatical.

Director of Development Carlson explained that this is the first step of a two-step process for tax abatement for SAAB. In May, the Swedish aerospace company announced that it would be locating a facility in West Lafayette. Director Carlson introduced Jody Hamilton, who is not only leading this tax abatement but all future abatements for the City. He explained that the contract that the City has with Greater Lafayette Commerce includes the opportunity to utilize Ms. Hamilton, who is the Vice President of Economic and Workforce Development. Due to the commonality of tax abatements within the County, it makes sense for the City to utilize Ms. Hamilton as a resource. All of the tax abatements within West Lafayette have currently expired, so we are happy to oblige with the assistance of someone else on the compliance of future abatements.

Ms. Hamilton expressed her enthusiasm to assist the City and company.

Councilor Sanders asked for a full description of what is going on, to which Ms. Hamilton responded that she would begin by explaining the tax abatement process. A tax abatement must first designate as an economic revitalization area. This is a stair-step of the taxes from 100% to 0%, depending on what type of schedule the Development Department or Council gives to that company for an incentive. This one is particularly for the SAAB Project, which is where they will be located. The reason why we are doing the designation first is to be able to finish up the first phase. This piece eliminates the first month of processing. Once they have their numbers and are

ready to file, we will be able to keep them on schedule for their building while they continue through the process.

Director Carlson added that one thing that is unique with this abatement is that it is in the Purdue 231 South TIF District. Any money that will be coming into that TIF district comes through the City as a pass-through before being reimbursed to Purdue University and Purdue Research Foundation (PRF) for the State Street Project. This is something that is a priming of the pump, as any abatement would be, to ensure that land in the Aerospace District would be developed before reimbursement would become difficult. In a way, we would not be seeing that money anyway. On the back end, without an abatement we would possibly see the funds. However, in large shakes, this is nothing that would be coming out of our normal budgetary process. In working with Purdue and PRF on the TIF agreements, it has been determined that this is an enticing movement.

Councilor Sanders acknowledged that this is an economic revitalization area, but questioned what was being revitalized. Director Carlson responded that this is currently a field that has been utilized on a crop-sharing basis. Originally, it had been University property in 2016, but was transferred to PRF. It will now become the jet manufacturing facility.

Councilor Sanders stated that it seems when we are discussing economic revitalization, we are talking about something that is economically depressed and now we have to restore it. That does not seem to apply in this case.

Ms. Hamilton agreed that it does seem that way because of the terminology that is used. However, she explained that, as this case if you add a building to land it will add to the tax base. You are taking something and making it better, while receiving more.

Director Carlson stated that it is also one of many situations where State statute and the dictionary do not match up. It is more of an economic vitalization area instead of revitalization.

Councilor Sanders asked that we go over the details of what we are contemplating in terms of the length of the tax abatement. He asked how it corresponds to the State Street agreement with Purdue.

Director Carlson stated that the abatement is for ten years. It starts at 100%, then each year goes down 10%. We still have 21 years left on the TIF District. In year one, SAAB would receive an abatement on 100% of the real estate tax, year two would be 90%. In the final year, all of the money remains in the TIF District and is utilized as reimbursement, until which point the agreement with Purdue and PRF is either achieved or expires with the expiration of the TIF District. It will then all come back into the General Fund and any other underlying tax entity.

Councilor Sanders stated, as he is trying to understand, that in the first year 100% is abated, so we would not be transferring any money from this normally taxable real estate. He asked if it is somehow being credited to us.

Director Carlson stated that because it is an abatement, that money is not paid. There is a compliance check they will have to go through. As long as they meet the terms of the abatement, which the Council will see in the coming months, it will spell out exactly what they need to meet to receive the abatement. In year two, they would write a check for 10%, and in year three a check for 20%. That comes into us as taxes in the TIF District. Then, through the RDC, it will then be reimbursed to Purdue and PRF as part of the State Street agreement.

Councilor Sanders asked if there were no tax abatement if the money we would collect in the first year reduce the amount of money that we owe to Purdue.

Director Carlson responded that we do not technically owe Purdue any money. We have an agreement that if the money shows up in the TIF, we will then reimburse Purdue. If the money fails to show up, or is abated, then it is not owed. If we reach the end of the TIF District in 2039 and there is still money that we could reimburse were it there, we do not owe any money. It sunsets and the agreement ends without full reimbursement.

Counsel Burns explained that if you have an abatement, you have less TIF. The benefit of the TIF is to Purdue and PRF. So, by having an abatement, Purdue and PRF are getting paid back less. It does not affect the City's TIF District at all—it is a cash flow of money in and out anyway. It does not affect any availability of money to us. It does not affect the City's General Fund. It does not even affect the TIF because all of it is committed to Purdue anyway. If you take away one dollar by abatement, they are giving up TIF dollars on the other side. They are the only ones paying or losing ground. He stated that when he looked at this structure he thought it was very favorable to us. All the taxes that come in for the next twenty-some years are all to the benefit of the State Street Project. If there is less tax coming in, they are going to have to try harder to create more value out there, otherwise they get paid less. The City does not have any stake in it. We owe nothing at the end of the years. If they are paid off in full, everybody is happy. If they are paid off 50%, they are not so happy but it does not hurt us; we owe nothing.

Councilor Sanders asked if it is correct that the entire TIF is committed to an obligation to Purdue for the entire duration of the TIF.

Director Carlson responded that the State Street Project itself was \$120 million. We split it fifty-fifty at \$60 million each. Also, Purdue picked up the indirect costs. Therefore, that initial amount of money, when that comes in, 100% of the TIF money goes back to reimburse that. You may recall that in February of last year, we made a secondary agreement for \$105 million for certain projects within that TIF would be done by PRF. That includes roads and infrastructure that the City would normally handle. When and if that money comes in, we will reimburse 90% and keep 10% until we reach \$105 million. In that situation, if we have made full on that, we would reimburse \$105 million to them while ourselves keeping \$10.5 million. If all of that comes in previous to the expiration of the TIF, then starting the next day 100% comes back to us. The initial money for State Street itself is reimbursed dollar for dollar. After that, we reimburse 90% until either the expiration of the TIF or until we hit that \$105 million, as long as all of the processes have been approved for a new project that comes in front of the RDC.

Councilor Sanders stated that it still seems to him that money collected in year one would eventually contribute to more money in the future once we have paid off what we owe to Purdue.

Director Carlson responded that in theory, yes, if this were not abated, it would either reimburse Purdue more over time or get to the point where we reimburse them in total more quickly. However, as is the case with abatements regardless if it is in a TIF or not, the view is that by doing the abatement is entices someone to build on this land. We have had situations in the past where we have had the rocket ship company owned by Jeff Bezos looks at this property. To have an abatement like this, it helps ensure that at the expiration of the TIF, there is a viable industry providing jobs to West Lafayette and Tippecanoe County instead of a green field adjacent to an airport. It is the proverbial priming of the pump.

There was no further discussion

Resolution No. 11-19 A Resolution Requesting The Transfer Of Funds (Multiple Funds) (Prepared by City Controller)

Councilor Bunder read Resolution No. 11-19 by title only.

City Controller Peter Gray stated that as we look for the rest of the year in Quarter 4, this transfer of funds is to move around some of our budget items into different major categories. A lot of it is based on medical categories as we had more expenses than we originally thought we would. Much of it is within the same department, but some of it moves between them.

There was no further discussion

Resolution No. 12-19 A Resolution To Reduce Carbon Emissions, Increase Energy Efficiency And Renewable Energy Use, And To Create A Climate Change-Resilient City Of West Lafayette, Indiana To Benefit The Economy, Promote Public Health, And Protect The Community's Children And Grandchildren (Sponsored by Mayor John Dennis)

Councilor Bunder read Resolution No. 12-19 by title only.

There was no discussion

COMMUNICATIONS

► Councilor DeBoer stated that there was some gun violence in his district in the last few weeks. He understands that with minors involved, we cannot release a lot of information, but he asked what can the administration or the Police talk about what occurred.

Mayor John Dennis stated that in regards to the suspects and perpetrators, arrests were made. The injuries were not that significant. In regards to the causative factors, there were some very direct conversations with management and they have been rectified. There were issues with security, cameras, locking areas that were supposed to be secure, and people getting in who did not belong there. It has all been fixed. He confirmed for Councilor Wang that none of the people involved were residents of West Lafayette.

Councilor Sanders stated that yesterday there was a housing fair sponsored by *The Exponent*. He took the opportunity to speak to the students about housing and the challenges they face, price, and availability. He asked if there was concern about the issues at The Hub, and he was shown that everyone is now required to have a key fob to enter some areas. He believes that due to the Mayor's directives, the complex management is taking the issues much more seriously than they had been. In some ways, in the short run, they are probably more secure than some of the other places. He stated that an ongoing discussion with all of the management about sharing approaches to enhancing security would be desirable.

Mayor John Dennis stated that they do this in other college communities, although each community does things differently. Due to our history and reputation of being one of the safest college communities in the country, he believes there was a lighter approach to the way things should be done. This was an unfortunately, but outstanding, object lesson. Other entities that are currently or looking to invest here do not want to be on the receiving end of that kind of education process. They are much more aware across the board now.

President Bunder suggested that we have something similar to the annual meeting we have with the bar owners that would include the high rise teams, Police, and Purdue. Mayor Dennis noted that we have the Meet and Greet programs and the management of those entities also have it in

their processes that they meet with us as well. It is in their best interest to know the people in the jurisdiction where they are building their investment. It works both ways and we always encourage it, and because it is in their best business interest, they always comply.

Councilor Dietrich asked that the Council remember this conversation when Resolution 09-19 comes to a vote on Monday.

CITIZEN COMMENTS

► Zachary Baiel (124 Connolly Street) stated that in terms of Resolution 09-19, hearing more discussion as Councilor DeBoer mentioned, hearing more detail and ideas regarding this, he thinks that the personnel would be pretty cut and dry, but he knows that there is interest in also pursuing other software and hardware equipment. He thinks it would help the public better understand this \$980,000 anticipated from the tax, based on the current income levels. It would behoove the administration to share that with the public. Also, he appreciates Councilor Sanders' questions in regards to the economic revitalization area. He noted that in that section of Indiana Code, it does mention that this is an area within the area of whatever jurisdiction, in our case a city, which has become undesirable for or impossible of normal development occupancy because of lack of development, cessation of growth, detrition of improvements or character of occupancy, age, obsolescence, substandard buildings, or other factors which have impaired values or preventing normal development of property or use of property. It also means areas where maybe there is a facility or group of facilities that are technologically, economically, and energy obsolete, and where obsolescence may lead to a decline in employment and tax revenues, or a residentially distressed area. He stated that he is not sure how this particular abatement meets that definition in Indiana Code 6-1.1-12.1-1. He stated that he looked in the Engineering report, and he does not know if there is going to be any discussion regarding the bicycle education programs or any update regarding the Bicycle Friendly Community application since that was submitted.

► Councilor DeBoer noted that his district, because most people do not have incomes while counted as adults who are living places, is an economically depressed area.

ADJOURNMENT

There being no further business at this time, Councilor DeBoer moved for adjournment. President Bunder adjourned the meeting, the time being 5:05 p.m.