

Economic Development Retail Sales Tax Board
Minutes
January 27, 2022
6:30 p.m.

The Economic Development Retail Sales Tax (EDRST) Board held a virtual meeting on Thursday, January 27, 2022. The meeting commenced at 6:39 pm and adjourned at 7:35 pm.

Voting Members Present:

Matt Bellows
Brandon Bradshaw
Brendan O'Brien
Byron Price
Kathleen Sorkin
Cynthia Martin
Matthew Erker

Voting Members Absent:

Council Liaison:

Mayor Terry Crow

Staff Present:

Brooke A. Smith, Assistant City Manager/Interim Dir. of Planning and Development
Gregory Rose, City Manager

Others attending:

None

Approval of Minutes

There were no minutes to approve. There were no minutes from the meeting held on December 16, 2021, because there was no quorum.

Public Comments

Public Comments were received from the Midwest Association of Farmers Markets. The letter is attached to the minutes and incorporated herein by reference.

Mayor Comments (6:41 pm)

The Mayor informed the Board of the progress with the Costco site and noted that it is scheduled to open in October. He also noted that some of the dirt from the site was being relocated to Olive and Midland to bring that property out of the floodplain to make it marketable. He noted that the apartments at Delmar and 170 on the east side are being erected, the plans have been approved on the west side for the 264 apartments that Charles Deutsch is putting up for market rate apartments. The Mayor also noted that there is a planned development going through the Plan Commission for the QuikTrip that will be located at Olive and North and South. The land was sold for \$1.1 million to QuikTrip. Discussion was had on the public dialogue being had about the project. The Mayor informed the board of the project located at 7701 Canton Avenue on the 10 acre site. He briefly informed the board of the fire tax that would be on the ballot for the April election. Lastly, the Mayor provided a brief update on the renovation of the annex and Trinity building.

Chair Sorkin asked the Mayor to comment on the state of affairs in The Loop. The Mayor stated that The Loop has experienced a generational change and that the LSBDB Board now has business owners engaged that were not engaged before. A challenge is that the restaurant that was supposed to go in the old Cicero's space backed out due to COVID. The Commerce bank is still sitting vacant and a previous development agreed to go the corner of Skinker and Delmar at the old Church's Fried Chicken site, but they are encountering the same issue they did with University City in that they would have too many students and not enough parking. Nobu's from the Costco site is moving to The Loop across from Peacock Diner. The Tivoli building changed hands from Joe Edwards to a church and computer software company. The city always worries about vacancies but the restaurants survived with PPP loans and take out services. The Mayor also discussed the status of the Trolley and getting it up and running in the near future. The Mayor noted that the merchants are tired of paying the 1% sales tax, stating that the four blocks in University City is paying the largest percentage of the sales tax into the TDD just because of volume, so at some point in time it has to get up and running or the city needs to move past it.

City Manager Gregory Rose added information on extending the Free Parking Initiative in The Loop as an important part of bringing the loop back.

Vice Chair Byron Price asked for confirmation on Costco taking ownership of the land at Olive and 170. City Manager Rose noted that the pad should be transferring in the next few weeks, but that Costco owns the property, which was how the city obtained the \$3 million dedicated to the revitalization of the third ward.

Chair Sorkin asked about the status of the relocation assistance for existing businesses. Assistant City Manager Brooke Smith provided an update on this matter and noted that Nobu's will receive reimbursement for 10% of their buildout costs up to \$30,000 upon completion of their buildout, which they anticipate to be done in May. Chair Sorkin asked how much Nobu's request and City Manager Rose noted that a significant amount was requested but that Council only approved reimbursement of 10% of the buildout costs, up to \$30,000, noting the importance of being able to leverage the funds in the best possible way. Mayor Crow asked for the total cost of the build out and ACM Brooke Smith responded that it was a little over \$250,000 and that Council considered the proposal and decided on 10% of the building out cost, up to \$30,000, noting that the size of the new space was a factor in determining the reimbursement amount.

New Business (6:53 pm)

The first item of business was discussion of program funding for FY22. ACM Brooke Smith gave a brief overview of the memorandum included in the packet for the Board. The memo included the fund balances as of December 31, 2021 and projected revenue for the rest of the fiscal year. The memorandum is attached to these minutes and incorporated herein by reference. Smith stated that the fund balance is about \$2.7 million and the projected revenue for the rest of the fiscal year is about \$400,000. Included in the memorandum was how the charter requires the funding be allocated: 25% to go to administrative cost, 20% goes to long term economic development planning, and the remaining funds used for initiative such as marketing, workforce development, etc. The memo also included examples of various programs funded in the past, such as the Façade Improvement Program. ACM Smith informed the board that she is working on closing out 4 projects under this program that were

funded in the previous fiscal year but had yet to be completed. Local Business Programs and Projects was another funding initiative, but ACM Smith noted that there were really no parameters for the program and that business were allowed to submit any type of project for funding. Lastly, ACM Smith discussed the forgivable loan program. ACM Smith noted that at this point she is asking whether the Board intends to fund programs this year, what types of programs does the board want to fund, and how should staff handle the process (funding rounds vs. accepting applications on a rolling basis).

Cynthia Martin asked if the applications could be bundled as submitted at one time. ACM Smith responded that this leads to the second agenda item, which is setting a quarterly meeting, noting that if the Board agrees to a quarterly meeting, then any application received during those three months could be bundled and brought to the EDRST Board for consideration.

Brandon Bradshaw noted that he preferred the quarterly meetings and bundling the applications.

Brendon O'Brien noted that he also preferred the quarterly meetings but would err on the side of getting more applications.

ACM Smith noted that if a quarterly meeting is set, she would have an internal deadline for accepting applications in anticipation of the upcoming meeting so that she could do her due diligence and prepare applications for the Board ahead of their meeting. ACM Smith also brought up the prospect of making the organizations that receive funding every year entitlement organizations where they will automatically get the funding every year. She also discussed marketing the programs and getting the word out to reach businesses that have not received funding in the past.

Cynthia Martin stated that she would not be opposed to having entitlement organizations, but that it would have to be attached to some type of compliance or accountability for the renewal to ensure that the funding objectives were met.

City Manager Rose clarified that the entitlement status would only mean that it would not be required to be considered by the EDRST Board, but that it would still have to go to the City Council for approval each year, noting that the Council is obligated to approve the funding each year. ACM Smith added that it is still a reimbursement and so the organizations would still be required to submit supporting documentation before we would process a reimbursement.

Brendon O'Brien asked how programs would work that staff would administer, asking whether that would be an entitlement, too. Using the Façade Improvement Program as an example, ACM Smith responded that she wasn't clear on whether applications were vetted by staff or if they came back to the Board. Chair Sorkin said she didn't recall applications coming back to the Board for approval, but expressed the importance of having parameters for the programs. Chair Sorkin clarified that the Board doesn't want to get into administering the programs, but should place parameters and safeguards into place for staff to follow.

City Manager Rose clarified that there were parameters for the Façade Improvement Program and noted that he would want to bring any city-sponsored project back to the board. He would not recommend that being an entitlement because the city should meet a higher standard.

Staff should come back and explain to the board how the program has operated, how it has benefitted the city, and make that same explanation to the Mayor and Council.

Chair Sorkin asked when the FY22 budget of \$525,000 was adopted and asked if the \$2.7 million was the amount the board had to spend. ACM Smith explained that the FY22 budget number was obtained from the Finance Director and included smaller costs like administrative costs, funding for city-wide events, etc. Smith noted that any funding approved for programming would have to go Council for final approval as a budget amendment. Smith noted that to date there is no funding in the budget for any of the programs.

Chair Sorkin asked what the upper limit of the discretionary funds is once the administrative costs are taken care of and what would the staff and/or City Manager recommend making available for programs. City Manager Rose responded that staff would make some assessment about what the restrictions are on the funding sources and then what's available and how would we categorize each application that comes in. He noted that it was difficult to answer because if an application comes in and is requesting assistance with, for example, a plumbing company that wants assistance with infrastructure within our rights of way. That would be considered business recruitment and would qualify, but is a different bucket of money than funding for a job training program. There are limitations based upon the activity that is being pursued. Staff needs to identify what the amount of money is that is available in each of those budgets so when the board considers an application, it is clear what amount of money available to allocate. City Manager Rose indicated the goal for this meeting was to get an idea of the types of projects the board would have an interest in. He noted that the statute provides some guidance, but that it doesn't talk about job training programs or the arts, for example. City Manager Rose noted that ACM Smith would like to be targeted in the areas being focused on instead of taking a blanket approach to accepting applications. ACM Smith confirmed that this was her goal for this meeting, which would then allow her to pull together information for the programs and put together a recommended budget.

Smith noted that she wanted to make sure that a decision was made with the Farmers Market who still needed to be approved for funding for FY22. Chair Sorkin asked for the amount the Farmers Market is requesting. ACM Smith noted that their application had not been received yet, but that the amount to be request was \$28,000, which is the same amount they were awarded in the previous fiscal year. Cynthia Martin asked if the funds would be restricted or unrestricted. Smith answered that their funds usually go towards marketing, music, etc. Chair Sorkin asked if there was anyone else besides the Farmers Market that was a previously funded and successful program that needed to know funds were on the way. ACM Smith answered Mannequins in the Loop but noted that she had not had the chance to research prior projects. ACM Smith also noted the SHED intended to apply for workforce development funds but had not applied yet. Chair Sorkin asked for the amount of the funding request for Mannequins in the Loop. Brendon O'Brien said they usually ask for \$10,000 or \$15,000 in funding. Chair Sorkin said it was a very positive and popular program.

Chair Sorkin called for a motion to approve the Farmers Market for \$28,000 and the Mannequins in the Loop for \$15,000 for FY22.

Motioned by Brandon Bradshaw, seconded by Brandon O'Brien and carried by voice vote to approve funding for Farmers Market for \$28,000 and Mannequins in the Loop for \$15,000 for FY22.

Vice Chair Byron Price asked if it would be appropriate to establish set meetings for the board. Chair Sorkin answered yes, which opened the discussion for quarterly meetings. The board members agreed that a quarterly meeting would be beneficial. The first quarterly meeting was set for the first Thursday at the start of the quarter (April).

Chair Sorkin motioned to set the quarterly meeting for the first Thursday at the beginning of the quarter. Seconded by Vice Chair Byron Price and carried by voice vote.

Motion passed.

City Manager Rose discussed the Free Parking Initiative in the Loop and noted they intend to continue it. He wanted to make sure there would be no concerns by the EDRST Board in continuing the initiative. He noted that the last time it cost roughly \$150,000 for a 6 month period. Chair Sorkin asked if a motion was needed. Rose said it would be good to have approval of it, noting the approach last time was to seek reimbursement. Chair Sorkin said it would be best to be proactive. She opened the floor for discussion. Brendon O'Brien asked who would be getting reimbursed. City Manager Rose noted that the funding that was approved last time was to reimburse the city its costs and if approved for an extension, the city would be approved for the revenues it loses for the free parking initiative. Mayor Crow noted that the free parking has pleased just about everyone as well as the outside dining.

Chair Sorkin called for a motion to approve up to \$150,000 to reimburse the city for lost revenue due to the free parking initiative in The Loop. Motioned by Cynthia Martin, seconded by Byron Price and carried by voice vote.

Motion passed.

Chair Sorkin raised the topic of allocating funding to the different programs.

Brandon Bradshaw stated that he would be interested to see marketing the programs to bring businesses in. ACM Smith agreed to prepare program parameters and a recommended budget for the next EDRST meeting in April for the board members to consider. This would allow for an application period at the end of the fiscal year and allow staff to bundle applications for consideration at the next quarterly meeting.

Mayor Crow asked about the interest free loan given to Winco and whether it was paid back or if it is being paid back on time. He stated he believed it was \$250,000 and he wanted to know the status. Mayor Crow also asked Matthew Bellows if he could facilitate the appointment of another School Board member to fill the vacant seat.

Regarding the loan to Winco, City Manager Rose responded that Winco elected not to pursue the loan from the EDRST board. He was not sure why. Mayor Crow requested we circle back to make sure that we didn't loan them the money. Chair Sorkin noted that with the changeover in staff, there hasn't been a report on activities and that she would like to see this given to the EDRST. Cynthia Martin asked if there was a way to see if the allocation buckets were overspent or underspent. Is there a way to focus on how the money is being spent and reallocating funds if they are underspent? City Manger Rose stated that going forward the intention is to keep the board updated on the status of the funding for each bucket and that staff would do a better job of advising the board on how the programs that have approved are advancing.

ACM Smith noted that she would research the Winco matter and report back to the board at the April meeting.

Chair Sorkin called for a motion to adjourn. Motioned by Brandon Bradshaw, seconded by Brendon O'Brien and carried by voice vote.

The meeting adjourned at 7:35 p.m.