

**Enrolled Memorandum of the Meeting
Study Session/Meeting (Convened Electronically/Hybrid)
Twenty-Ninth Town Council of Highland
Monday, May 16, 2022**

The Twenty-Ninth Town Council of the Town of Highland, Lake County, Indiana met in a study session on **Monday, May 16, 2022**, at 6:30 O'clock P.M., in the regular place, the Highland Municipal Building, 3333 Ridge Road, Highland, Indiana.

*This meeting was convened as both an in person and an electronic meeting. Some persons were participating remotely on a Zoom platform that allowed for real time interaction between and among all of the Town Council and supported the public's ability to observe and record the proceedings. People were able to participate in person and remotely, allowing for all councilors to be simultaneously seen and heard. When the agenda item provided for public comment, this was supported as well. Councilor Thomas Black participated remotely and Councilor Toya Smith, Councilor Mark Schocke, Councilor Roger Sheeman, Councilor Zemen all participated in person.

The meeting was streamed live on the Town of Highland, Indiana Facebook page and participation was supported by the Zoom on-line communication platform.

Silent Roll Call: Councilors Toya Smith, Mark Schocke, Tom Black, Roger Sheeman, were present in person as indicated and Councilor Bernie Zemen was absent. The Clerk-Treasurer, Mark Herak was present to memorialize the proceedings. *A quorum was attained.*

Officials Present: John P. Reed, Town Attorney was remote as was Mark Knesek, Public Works Director. Peter T. Hojnicki, Police Chief; and William R. Timmer, CFOD, Fire Chief, Ken Mika, Building Commissioner, Ed Dabrowski, IT Director and Kathy DeGuilio-Fox were in person.

General Substance of Matters Discussed.

Discussion: Presentation from Dan Botich, M.P.A. of Short, Elliott, Hendrickson of Indiana, Incorporated. Mr. Botich has been invited by the Redevelopment Department to present scenario's regarding ERA Assessed Valuation Deduction Tax Savings Analysis: Taxes Payable 2013 through 2022 and Overview of Allocation Areas to Overlapping Taxing Units Pursuant to I.C. 36-7-25-8. The hard copy of both presentations are on file with the Redevelopment Department. The Report is intended to meet the requirements of the Statute under Redevelopment Law by the Redevelopment Commission. The Redevelopment Commission is required to annually to present information for the governing bodies of all the taxing units, who have territory within an allocation area. For example, North Township, the School Town of Highland, the Lake County Public Library all fall within the overlapping district. The purpose of the Report is to provide information on the allocation area budgets with respect to tax increment that is generated from captured assessed value. Also, like any long-term plans

for the allocation areas for economic development or redevelopment and the tax rate and tax levy impact of the capture of assessed value by the Redevelopment Commission on the overlapping districts.

Presentation of Overview of Allocation Areas to Overlapping Taxing Units – copies of the report are on file in the Redevelopment Department.

Mr. Botich pointed out that the dollars, funds available, can be used in the allocation area or redevelopment and economic development purposes but is can also be used for projects or programs that benefit within the allocation area. Other communities have used the funds to build a police or fire station. He said he would not recommend any projects unless there is substantial amount of surplus. If you have a surplus, it is in your best interest to redeem the bonds earlier, as you want to put AV back on the tax rolls. He said there is a debate on how the formula on how taxes are calculated as to whether tax increment is public funds or is it not. He tends to lean towards it is not tax dollars, as captured assessed value is not in your net assessed value for the town, as it is pulled out.

Councilman Schocke asked about Cardinal Campus as it is not completely built out and was wondering what would be the captured AV if it had been completely built out. Mr. Botich responded that he would to calculate and get back to him but he thought there was one additional structure and a boutique hotel to be built. Since the bonds were purchased by the developer, if the tax increment is short, that means the bondholder (the developer) receives only the amount collected and the Town of Highland is not on the hook for the balance. He said typically, they only pledge 75% of the estimated value of the project and the assessed value. He also said the tax rate would have been 6.28 cents lower if the assessed value had been in the system. He pointed out that the only impacts the Cumulative Funds. School Towns no longer have Cumulative Funds. Your Cumulative Funds are always fixed, their rate is fixed at a certain level. If you have more assessed value you are going to get more money in that fund, if you get less assessed value, your going to get less assessed value.

Councilman Schocke asked Mr. Botich to simplify his presentation and pretend he is kindergartner and start over. Mr. Botich started to re-explain that if you have assessed value of \$1,000 basically you divide the assessment by 100 so its \$100 of taxable assessed value and you have \$100 of levy. That means your tax rate is 1 for every hundred and I need to pay \$1 to get \$100 from all the taxpayers. With more assessed values, the rates go down. Your variable funds like Police Pension, the General Fund, Park and Recreation are going to adjust to your AV.

There was more discussion between Councilor Schocke and Mr. Botich regarding the 6.28 cents that the tax payers have to pay because captured areas are not included in the AV. Mr. Botich said because of tax cap at 1% so it really doesn't impact your average homeowner.

Councilor Schocke asked Mr. Botich for what purposes from funds generated in an allocation area. Councilor Schocke described some of the commercial corridor allocation areas and pointed out it seems that this building is actually within the commercial corridor allocation area. As the Fire Station is in the downtown allocation area. Our Fire Department just bought new doors. Councilor Schocke asked could funds have been used to purchase the new doors. Mr. Botich responded yes. Mr. Botich proceeded to provide a formula as to how much funds would be available. You have to take the allocation area and determine the area of the proposed project. You divide your numerator by your denominator to get the percentage. Any project must meet the approval of the bond council and redevelopment commission.

Councilor Sheeman commented about building a new town hall or upgrading the fire station with funds generated from the commercial corridor. Mr. Botich said projects as described by Councilor Sheeman would qualify.

Second presentation: ERA Assessed Valuation Deduction Tax Savings Analysis: Taxes Payable 2013 through 2022 - copies of the report are on file in the Redevelopment Department.

Dan explained that the technical term of ERA Assessed Valuation Deduction Tax Savings Analysis is Tax Abatements. The Town of Highland currently has 10 tax abatements, which we have identified in this report. We provide a list to the Redevelopment Commission because in essence, many of these allocation areas impact the allocation tax increment. Think of it from this perspective, these 10 companies are receiving a deduction of assessed value, which means that the assessed value is not captured. There is an impact to the Town and overlapping taxing districts. He said several will roll off by January 1, 2023. Roll off because it is rolling onto the tax rolls. Over the last ten (10) years, the rate impact, caused by tax abatements approved by the Town was \$2,822.

Councilor Schocke wanted to make sure it wasn't in hundred of thousands. Mr. Botich said Councilor Schocke got it correct. You need to divide the value by 1,000. The easiest way to explain as you take your gross assessed value minus deductions (exemptions and credits) that give you your net AV and divide that number by 100, which gives you your physical taxable assessment. Complicating matters is the circuit breaker which allows your AV to grow only 1%, You take the lesser of the two (2). Once the tax rate is determined, they then calculate tax savings that were realized by a company. They look how much the company would have paid in taxes versus what they actually paid. They take their current taxes and add back in the deductions, taking the difference to determine the tax savings. The cumulative tax savings for the companies receiving tax abatements over a ten (10) year period is \$593,000 but the levy lost was only \$2,822. Keep in mind that all the overlapping taxing districts are still going to get their levy and whereas Highland maybe out \$2,822, think about the jobs added and the salaries paid, not to mention after a ten (10) year period they will be on the tax rolls at

100%. Mr. Botich commended the Town of Highland as it was one of the first to implement an ERA. The data from this report is given to the Clerk-Treasurer who inputs the data into the DLGF (what was the deductions for each company with an abatement, as well as, the tax savings). He said the town council can impose a 15% fee on a company's tax savings. Hammond, with some of its major project, imposes a 15% tax which goes into economic development.

Discussion: Consideration of a SEAP Event with alcohol permits.

The Clerk-Treasurer explained that this item is on the agenda in anticipation of the Park and Recreation Board approving the two (2) applications on their agenda for their meeting on Thursday, May 19, 2022. One application deals with the Park and Recreation Board's 75th Anniversary Celebration and the other, the CEC's 4th of July (Independence Day) Festival. Per the Municipal Code, should the requests pass the Park and Recreation Board's Thursdays meeting, the Town Council must take up the topic at their next plenary meeting, which is Monday, May 23, 2022.

Discussion: Cancellation of the May 30, 2022 Study Session.

In honor of Memorial Day, the Town Hall will be closed and the study for that night is cancelled.

Discussion: Reconsideration of Ordinance No. 1764-1760-E (authorizing modification to the Law Enforcement Certification and Experience hiring policy).

This came as a request from the Metropolitan Police Chief. The purpose of the Ordinance is to attract officers from other departments and to make the playing feel more level with surrounding departments. The Chief explained that during the last round of hiring's, they received only three (3) applicants with previous police experience. The Chief provided an overview of what is being proposed in Ordinance 1764-1760-E:

New Hires (NO Experience)

Eliminate 4th Class (Probationary)

3rd. Class will become new Probationary for 12 months

2nd, Class after completion of 12 months at 3rd Class

1st. Class after completion of 12 months at 2nd Class

ALL HIRES PROBATIONARY FOR 12 MONTHS FROM DATE OF HIRE

New Hires (L/E Experience with academy certification)

Less than 12 Months

3rd Class (Probationary) until completion of FTO plus 90 days

2nd Class after completion of FTO plus 90 days and then 12 months at 2nd Class before being promoted to 1st Class

1st Class after completion of 12 months at 2nd Class

ALL HIRES PROBATIONARY FOR 12 MONTHS FROM DATE OF HIRE

12-24 Months

3rd . Class (Probationary) during FTO

2nd Class after completion of FTO and then 12 months at 2nd Class before being promoted to 1st Class

1st Class after completion of 12 months at 2nd Class

ALL HIRES PROBATIONARY FOR 12 MONTHS FROM DATE OF HIRE

24+ Months

2nd Class (Probationary) during FTO and 90 days

1st Class after successful completion of FTO and 90 days

ALL HIRES PROBATIONARY FOR 12 MONTHS FROM DATE OF HIRE

All promotions must first be approved by the Police Commission.

This would affect six (6) current 4th Class Officers. We would likely have to bump them up to the new starting rate of 3rd Class and sooner to 2nd Class. One 3rd Class Officer would get bumped up to 2nd Class. Additional costs for these seven (7) Officers would be approx. \$22,000.

There would not be any retroactive pay for this situation, we would only bump them up to their new rate on the implementation date if this is approved. This is unbudgeted. However, it would not be fair to pay a greater salary for an applicant getting hired later this year than someone whom has been with us for the last 4-10 months.

The Chief commented that very few communities still have a fourth (4th) class. Ordinance 1764-1760-E is proposing eliminating the fourth (4th) class position, so an officer hiring in without law enforcement experience or academy certification shall hire in at third (3rd) class). An officer with prior law enforcement experience and academy certification shall hire in at either a second (2nd) class or third (3rd) class depending upon prior law enforcement experience.

Councilor Sheeman spoke in favor of the proposed ordinance. Councilor Schocke asked the Chief regarding an officer who had experience or was certified in another state, would that count. The Chief responded in the affirmative but

there are certain training classes that officer would have to take and pass before they would be certified in the State of Indiana.

The Chief pointed out that this ordinance is more stringent than the bridging of service ordinance presented some weeks back as regardless of the years of service the officer has with another department, they will hire in as either a second (2nd) class or third (3rd) class. Councilor Schocke asked the Chief whether it was accepted practice to hire an officer from another department who was a Corporal and to hire that individual in as a Corporal. The Chief said other states permit that but Indiana has not. It remains to promote from within.

The Chief added additional comments. In years past, people wanted to be a police officer. That is not the case anymore. When we performed open hiring we would get over 100 applicants. This time we only had 30 applicants. In order to maintain the quality of our police department and retain officers, we are going to have to up our game. The proposal will affect six (6) current officers and will be an additional cost of \$22,000 which he does not have budgeted. Before asking for an additional appropriation, the Chief offered to see how the remainder of the year plays out and he might be able to fund from within his budget. This is the first in showing our officers we want them to stay. The Chief encouraged the Council to adopt. He is in the process of hiring 3 additional officers and he is uncertain what starting pay grade the officers would start at. Some departments are offering officers a \$5,000 signing bonus. Just sending an officer with no law enforcement experience to academy takes 16 weeks followed by 14 weeks of field training, so if we can hire officers with law enforcement experience, we can get them on the road sooner.

Councilor Schocke wanted to know that in order to retain or attract officers with experience from other departments, can we offer them after a certain period of time, a promotion to corporal or above. The Chief responded by saying no.

Discussion: Modifying the Contract with the Beer Vendor. With the 4th of July Celebration fast approaching, it was the recommendation of the Clerk-Treasurer to modify the beer contract. The main areas were: increasing the % given to the town from 30% to 35%, with 40% on the 4th of July, the beer vendor was not responsible for paying for 8 port a potties and supplying ice. The biggest was adding to the list of offerings to include water and ready to drink (those drinks already made in a can). Adding ready to drink options was prompted by the changing tastes of our society. The other is that the Town and beer vendor square up on the last day of the festival.

Councilor Schocke raised the concern of adding water as many of the vendors sell water. It's their bread and butter. The water sold from the beer garden will be larger and more expensive. It is not meant to compete with the food vendors. It's simply, when ordering, if someone wants a water, they can purchase one as opposed to having to walk over to a food vendor to buy. That explanation made sense to Councilor Schocke. Councilor Black wanted to know the alcohol content of the ready to drink offers. He was concerned that it

contained the alcohol content of a long island ice tea. He was told the alcohol content was no different than a can of beer. He was also concerned that this would be opening the park into the venue as a full-service bar. Councilor Sheeman assured him it wasn't but these drinks are growing in popularity and if you want to increase revenue, you have to add what people want. Councilor Black responded, its not all about revenue. Councilor Schocke googled some of the ready to drink offering and their alcohol content was between 5 to 8%. A glass of wine is 10 to 14%.

The Council wish the Town Attorney Reed a speedy recovery as he was absent because of covid.

Discussion: Appropriating \$10,000 to the Police Department. In July of 2021, the Redevelopment Director attained a \$20,000 grant from Event Jumpstart Grant Program. The \$20,000 was divided evenly, with \$10,000 going to the Park Department and \$10,000 to the Police Department. The Police Department never appropriated their grant share so in order to spend the \$10,000 it has to be re-appropriated. The Chief commented that he wanted to spend the money for security for the Park and Recreation Department's 75th Anniversary Celebration and for the 4th of July Celebration, as well as, put bike patrols on the nights of the restaurant crawl.

Discussion: Modifying the 2022 Salary Ordinance 1764-1760. Mr. Mika, Building Commissioner, explained that recently the Clerk Treasurer posted two (2) new positions. One of the positions, the Chancery Busar Clerk and the starting pay was \$19.47 an hour. He has an employee in his department, who has been with him for approximately five (5) years and her pay is only \$16.78 per hour. As Ken started going through the salary ordinance, most comparable positions pay between the mid \$19 per hour and \$20 per hour. This particular individual does not want to leave his department and Ken doesn't want to lose her as it takes a good three (3) years to train someone. Because of the pay disparity, this employee is considering taking the position in the Clerk-Treasurer's office. The Clerk Treasurer responded that it wasn't his intention to take away an experienced employee away from another department and leave them in the lurch. Mr. Mika explained that this person doesn't only deal with building permits but also with code enforcement and planning commission. Mr. Mika's two employees are cross trained and the volume of traffic for his office continues to rise. Mr. Mika was proposing a rate of \$19.71 an hour. He does not have the money in his budget and would require an additional appropriation. Councilor Sheeman expressed his opposition to the rate increase at this time but would rather address this issue, as well as other salary issues during the budget cycle. Councilor Schocke countered Councilor Sheeman comments by saying we just did the same thing for the police department. Councilor Sheeman responded that each job is different. Mr. Mika said if we until the budget cycle, he will lose an experienced employee. The consensus of the elected official present was to place it on the agenda.

Discussion: the post card mailer going out to renters after Memorial Day. The consensus of the elected officials present was to proceed and place the quote from the Idea Factory on the agenda.

Mark Herak
Clerk-Treasurer