



South Bend

# Redevelopment Commission

227 West Jefferson Boulevard, Room 1308, South Bend, Indiana

## SOUTH BEND REDEVELOPMENT COMMISSION REGULAR MEETING

June 29, 2017

9:33 a.m.

Presiding: Marcia Jones, President

227 West Jefferson Boulevard  
South Bend, Indiana

The meeting was called to order at 9:33 a.m.

### 1. ROLL CALL

Members Present:

Marcia Jones, President  
Dave Varner, Vice President  
Don Inks, Secretary  
Kintae Lark, Commissioner  
John Anella, Commissioner

Members Absent:

Gavin Ferlic, Commissioner

Legal Counsel:

Benjamin Dougherty, Esq.

Redevelopment Staff:

David Relos, Associate  
Mary Brazinsky, Recording Secretary

Others Present:

James Mueller DCI  
Elizabeth Maradik DCI  
Conrad Damian 718 E Broadway  
Bryan Glendening IngenAE  
Kasey Watkins

**2. Approval of Minutes**

**A. Approval of Minutes of the Regular Meeting of Thursday, June 15, 2017**

Upon a motion by Secretary Inks, seconded by Vice-President Varner, the motion carried unanimously, the Commission approved the minutes of the regular meeting of Thursday, June 15, 2017.

**3. Approval of Claims**

**A. Claims Submitted June 29, 2017**

	Claims submitted	Explanation of Project
REDEVELOPMENT COMMISSION Redevelopment Commission Claims June 29, 2017 for approval		
<u>324 RIVER WEST DEVELOPMENT AREA</u>		
South Bend Tribune	59.40	Notice to Bidders
Hibberd Realty, Inc.	1,431.85	Document Delivery Notice
IDEM	300.00	Oliver-Plow
<u>429 FUND RIVER EAST DEVELOPMENT TIF</u>		
Walsh & Kelly Inc.	73,693.40	East Bank Sewer Separation - Phase V
Total	75,484.65	
Total Of Both Columns	75,372.15	

Upon a motion by Secretary Inks, seconded by Vice-President Varner, the motion carried unanimously, the Commission approved the claims submitted on Thursday, June 29, 2017.

**4. Old Business**

None

**5. New Business**

**A. River West Development Area**

**1. Resolution No. 3397 (Disposition Offering Price Fat Daddy’s – 505-513 S. Michigan St)**

David Relos presented Resolution No. 3397 (Disposition Offering Price Fat Daddy’s – 505-513 S. Michigan St). The Commission has owned this property for close to ten years, but the disposition process has not been completed. To try to save one of the last remaining several building historic store fronts left in the downtown area, an incentive of up to \$1.7M to save, stabilize, brace, and demolish the buildings behind the East and North facades is being included for approval. These two facades would then be required to be incorporated in to new development behind them.

Vice-President Varner asked how the \$1.7M was set.

Mr. Relos stated that a year ago we commissioned Kil Architecture and Planning to see if the facades could be saved. The plans are to stabilize the facades, demolishing the rest of the buildings. New buildings would be built behind the historic facades. Those plans were recently reviewed and costs have gone up slightly due to the current construction market. The buildings are in similar deteriorating conditions, but it is felt the facades can be saved.

Vice-President Varner asked if the buildings are historically designated.

Mr. Relos stated they are not locally designated. In 1997 the South Michigan Street Historic District, a National Register Historic District, was approved and established which encompasses the Inwoods complex (the building to the north of Monroe/Michigan). The buildings are not locally designated and can be demolished if needed. The \$1.7M is to be used only if a developer can incorporate the facades in to their development. Mr. Relos stated that there are only 4 areas within a 21 block area where there are still 3 buildings with their historic facades.

Vice-President Varner asked if it would make more sense to offer \$750,000 to help save the facades as a contributing effort when we know it can be demolished. How important is that million dollars.

Mr. Relos stated it could very well cost more than \$1.7M to save the façades, and a developer would have to agree to cover the difference, in addition to the developer's investment in a new development.

Secretary Inks stated it is a big project, with the amount of money put in versus the investment. The demolition cost alone makes it an issue that needs to be addressed. Even when you are saving the facades, the dollar amount alone is large.

Vice-President Varner's suggestion is to look at how much it cost to save the facades. If it's going to cost a million dollars to save the facades and the rest is demolition costs, then what would their cost have been to put a new façade on the building. If it was going to cost \$200,000 to put a new face on the building, then take \$200,000 off the million. It should not be the Redevelopment Commission's total responsibility to save the façade if that is saving them money on construction.

Mr. Relos stated that due to the condition of the building there is not a lot of time to wait to advertise the buildings. The middle building has been fire damaged and exposed to the elements since it was acquired in 1998. According to the reports the facades may not withstand another winter. If they are to be saved, our time is limited.

Secretary Inks stated that he approves of the up to \$1.7M with some negotiations.

Mr. Relos stated that this location has a lot of potential, as it's in walking distance to the Transpo transfer station, Social Security office, post office, the Cove, the Library, and all of downtown's amenities. This is one of the only storefronts in the downtown area that has retained its original embellishments and character.

Secretary Inks made a motion to approve Resolution No. 3397 Disposition Offering Price Fat Daddy's – 505-513 S. Michigan St.). There was not a second.

Discussions continued.

Vice-President Varner said he would entertain the motion at a reduced amount. He would like to see what would happen if the property was put on the open market for 30 days and see if anyone steps forward during that time.

Mr. Relos stated that the Commission has owned the properties for close to ten years and no one has stepped forward. The fair market value is \$45,000 but they cannot be occupied as they stand. Someone can step up and offer \$45,000 for them but the Commission will want to make sure that they have the financial capacity to build a sound development for that area. That is a prominent block in the city with very high traffic counts.

The estimate to save the facades was \$1.5M last year and increased to \$1.7M due to higher construction costs.

Secretary Inks asked if we advertised at the lower price but found out the bidder needed a little more money, could we go back and adjust that price.

Mr. Dougherty, City Attorney, responded that we would have received a proposal under the advertisement being set forth today. The Commission could use their discretion to either accept or reject the proposal. If the proposal was rejected, you could then negotiate with someone else coming forward after the 30 day period.

Vice-President Varner stated he is uneasy about guaranteeing \$1.7M in an advertisement.

Mr. Dougherty stated that the nature of the advertisement does not create any obligation on behalf of the city. The obligation comes from the written purchase agreement.

It was agreed if the advertisement specifically included that the Commission's investment included demolishing the buildings behind, to clarify that would not be in addition to, so it would read in part: Strong emphasis will be placed during the review process on compatibility with the River West Development Area: the redevelopment efforts of the Central Business District, Coveleski Stadium, Renaissance District, the surrounding businesses and neighborhood; and with the Commission's investment of up to \$1,700,000, the ability to stabilize, brace, and repair the east and north historic facades; demolish the current structures behind them; and then incorporate these two facades into the project.

Upon a motion by Secretary Inks, seconded by Vice-President Varner, the motion carried unanimously, the Commission approved Resolution No. 3397 (Disposition Offering Price Fat Daddy's – 505-513 S. Michigan St) submitted on June 29, 2017.

**2. Approval of Bid Specifications (Fat Daddy's - 505-513 S. Michigan St)**

David Relos presented Approval of Bid Specifications (Fat Daddy's – 505-513 S. Michigan St). The Bid specifications outline the uses and development requirements that will be considered for this site with the special caveat of the historical facades. The Commission agreed to the amended language as noted above in the approval of Resolution No. 3397.

Upon a motion by Secretary Inks, seconded by Vice-President Varner, the motion carried unanimously, the Commission approved Bid Specifications (Fat Daddy's – 505-513 S. Michigan St) submitted on June 29, 2017.

**3. Request to Advertise (Fat Daddy's - 505-513 S. Michigan St)**

David Relos presented Request to Advertise (Fat Daddy's – 505-513 S. Michigan St). This disposition property will be advertised in both the South Bend Tribune and the Tri-County News on July 7 and July 14, 2017. The Commission agreed to the amended language as noted above in the approval of Resolution No. 3397.

Upon a motion by Secretary Inks, seconded by Vice-President Varner, the motion carried unanimously, the Commission approved Request to Advertise (Fat Daddy's – 505-513 S. Michigan St) submitted on June 29, 2017.

**4. Third Amendment to Real Estate Agreement (Cressy & Everett)**

David Relos presented Third Amendment to Real Estate Agreement (Cressy & Everett). The original Purchase Agreement with Cressy did not include the approximate 26 acre wetland area, meaning if the Commission retained ownership, as Declarant under the Covenants would continue to have appointment and review responsibilities. Cressy has agreed to include the wetlands along with the other 14 Commission lots that were covered under the original agreement. They will then be responsible for its maintenance and property taxes. This additional lot is a designated wetland area and therefore its use would be subject to that restriction. The City does have drainage easements in this lot. This Amendment also assigns the Declarant functions to Cressy.

Per the Covenants, the Commission may assign these functions to another entity. By Cressy becoming the Declarant, they cannot change the Covenant or Bylaws by themselves, which can only be changed by a majority of lot owners. Cressy will own 15 of the current 36 lots.

Additionally, because of the potential environmental impact to the lots neighboring the Indiana State Police Post, Jones Petrie Rafinski was hired to install monitoring wells to see if there was migration off site to the Commission owned lots, which thankfully is not the case. The cost for this investigation is \$11,901.50, and will be credited to Cressy at closing.

Upon a motion by Vice-President Varner, seconded by Secretary Inks, the motion carried unanimously, the Commission approved Third Amendment to Real Estate Agreement (Cressy & Everett) submitted on June 29, 2017.

## **B. River East Development Area**

### **1. Budget Request (Alliance Architects Professional Services Agreement) Howard Park**

Elizabeth Maradik presented the Budget Request Howard Park (Alliance Architects Professional Services Agreement). As the City starts to wrap up some of the Riverfront Parks & Trails framework process, we are starting to implement the projects that are coming out of it, this one relating to Howard Park. The City wishes to engage Alliance Architects to develop a design for the first phase of construction, which includes the proposed buildings, ice surface & interactive water feature, playground, and the plaza & interconnecting spaces in between these elements. This agreement includes the completion of design work through the schematic design phase for the northeast corner of the park. Staff requests Commission approval of a budget of \$175,000 for the first phase of design work.

Upon a motion by Vice-President Varner, seconded by Secretary Inks, the motion carried unanimously, the Commission approved the Budget Request (Alliance Architects Professional Services Agreement) Howard Park submitted on June 29, 2017.

## **C. Other**

### **1. TIF Neutralization Professional Services Proposal (H.J. Umbaugh & Associates)**

David Relos presented TIF Neutralization Professional Services Proposal (H.J. Umbaugh & Associates). This is the annual TIF Neutralization with Umbaugh and the price has stayed the same from the prior two years. They study all TIF areas, and adjust the base value if necessary by adjusting for natural growth in property values. Staff requests Commission approval for a not to exceed of \$12,500. State law requires this to be done annually.

Upon a motion by Secretary Inks, seconded by Vice-President Varner, the motion carried unanimously, the Commission approved TIF Neutralization Professional Services Proposal (H.J. Umbaugh & Associates) submitted on June 29, 2017.

**6. Progress Reports**

- A. Tax Abatement
- B. Common Council
- C. Other

**7. Next Commission Meeting:**

Thursday, July 13, 2017, 9:30 a.m.

**8. Adjournment**

Thursday, June 29, 2017, 10:18 a.m.

  
\_\_\_\_\_  
David Relos, Economic Resources

\_\_\_\_\_  
Marcia I. Jones, President