



OFFICE OF THE CITY CLERK

DAWN M. JONES, CITY CLERK

COMMUNITY INVESTMENT

SEPTEMBER 25, 2023, 5:00 P.M.

Committee Members Present: Rachel Tomas Morgan, Troy Warner, Kaine Kancuzewski

Committee Members Absent: Eli Wax, Henry Davis Jr., Thomas Kurzhal

Others Present: Dawn Jones, Victoria Trujillo, Justin LePla, Bob Palmer, Sheila Niezgodski, Karen L. White, Canneth Lee, Lori K. Hamann, James Gardner, Jason Piotnek

Presenters: Mark Bemenderfer, Jordan Richardson

Agenda: Bill No. 61-23 – An Ordinance Amending Chapter 6, Article 13, Section 6-71 through 6-78 of the Municipal Code

Bill No. 23-57 – A Resolution Designating 542 N. Scott St. and Cottage Grove Ave., South Bend, Indiana, for a Two-Year Vacant Building Tax Abatement for Property Bros. LLC

Bill No. 23-58 – A Resolution Designating 542 N. Scott St., 430 Cottage Grove Ave., and 616 Sherman Ave., South Bend, Indiana, for an Eight-Year Real Property Tax Abatement for Property Bros. LLC

Bill No. 23-59 – A Resolution Confirming a Five-Year Tax Abatement for Property Located at 1302 West Sample, South Bend, Indiana, for Imagineering Enterprises, Inc.

Members marked with an asterisk (*) are present digitally

Please note the attached link for the meeting recording:

<https://docs.southbendin.gov/WebLink/browse.aspx?dbid=0&mediaid=376354>

Committee Chair Rachel Tomas Morgan called to order the Community Investment Committee meeting at 5:00 p.m.

Bill No. 61-23 – An Ordinance Amending Chapter 6, Article 13, Section 6-71 through 6-78 of the Municipal Code

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Chair Rachel Tomas Morgan noted that in 2018 the Common Council passed an ordinance amending Chapter 6 of the South Bend Municipal Code to include new Article 13 establishing responsible bidding practices and submission requirements on public works. The proposed amendments outline improvements and updates to the initial ordinance to reflect current circumstances and to ensure that the highest quality standards are maintained during the bidding process. The amendments were prepared in collaboration with City of South Bend administration, departments, the chamber of commerce, trades, and other key stakeholders.

The amendments include updated apprenticeship requirements. An apprenticeship clause has been inserted which states that a contractor is deemed responsible if they are registered in an apprenticeship program recognized by the U.S. Department of Labor and if the program has had five apprentices that have graduated every year in the past five years in each construction category that the bidder will perform. The required evidence outlined in the proposed amendments includes participation in a U.S. DOL-registered apprenticeship program that meets its graduation threshold.

The updated language communicates the City of South Bend's commitment to growing the labor workforce in construction crafts and to ensure a well-trained, highly qualified, and safe workforce. Changes to the amended ordinance include increasing the minimum threshold for applicability from \$150,000 to \$250,000 considering inflation, and this provides additional opportunities for smaller or first-time bidders including MWBEs.

Councilmember Niezgodski noted that the \$250,000 threshold will significantly increase opportunities, especially for MWBEs. The apprenticeship standard will ensure that the public-works projects involve highly trained and qualified workers. Councilmember Niezgodski encouraged the Community Investment Committee to vote in favor of the amendment.

Councilmember White acknowledged Chair Tomas Morgan, Councilmember Niezgodski, and the various stakeholders who collaborated to amend the ordinance. The Committee Members also thanked the stakeholders for their efforts in updating the ordinance. Chair Tomas Morgan noted that Bill *No. 61-23* has garnered bipartisan support and Councilmember Wax was a co-sponsor. Key stakeholders and the Council were thanked for their support.

The floor was opened to public comments.

James Gardner of Operating Engineers Local 150 thanked the Chair, Committee, and all stakeholders involved in updating Bill *No. 61-23* and noted that the ordinance will have a positive impact on businesses and workers.

Jason Piontek, 2201 Riverside Drive, extended his gratitude to the City Council and the City of South Bend as the ordinance protects the City's citizens.

Citizen Member Kanczuzewski motioned to send Bill *No. 61-23* to the Committee of the Whole with a favorable recommendation, seconded by Committee Member Warner, and carried by a vote of three (3) ayes, with three (3) committee members absent.



Committee Chair Rachel Tomas Morgan - <i>Aye</i>	Committee Vice-Chair Troy Warner - <i>Aye</i>
Citizen Member Kaine Kanczuzewski - <i>Aye</i>	Councilmember Eli Wax - <i>Absent</i>
Councilmember Henry Davis Jr. - <i>Absent</i>	Citizen Member Thomas Kurzhal - <i>Absent</i>

Bill No. 23-57 – A Resolution Designating 542 N. Scott St. and Cottage Grove Ave., South Bend, Indiana, for a Two-Year Vacant Building Tax Abatement for Property Bros. LLC and Bill No. 23-58 – A Resolution Designating 542 N. Scott St., 430 Cottage Grove Ave., and 616 Sherman Ave., South Bend, Indiana, for an Eight-Year Real Property Tax Abatement for Property Bros. LLC

Citizen Member Kanczuzewski motioned to hear Bill No. 23-57 and Bill No. 23-58 collectively, seconded by Committee Member Warner, and carried by a vote of three (3) ayes, with three (3) committee members absent.

Committee Chair Rachel Tomas Morgan - <i>Aye</i>	Committee Vice-Chair Troy Warner - <i>Aye</i>
Citizen Member Kaine Kanczuzewski - <i>Aye</i>	Councilmember Eli Wax - <i>Absent</i>
Councilmember Henry Davis Jr. - <i>Absent</i>	Citizen Member Thomas Kurzhal - <i>Absent</i>

Mark Bemenderfer, Manager of Business Development with offices on the fourteenth (14th) floor of the County-City building, noted that Bill No. 23-57 and Bill No. 23-58 was in reference to a vacant building tax abatement. The combined bills will help support the developer’s initiative entitled “Project Legacy” which is intended to increase the supply of affordable housing. Project Legacy’s goal is to convert the two existing properties into affordable multi-family units and developing a similar unit on the vacant parcel of land. The outcome will result in at least seven new affordable housing units.

The total private investment required to commence the project would be slightly over \$900,000, and one part-time employee would be hired to maintain and manage the properties. The employee will be on-call with an hourly rate of \$40 to \$50 and paid per job. The combined net tax abated would be approximately \$109,000 and taxes paid would be \$62,000 during the eight-year period.

Jordan Richardson expressed his gratitude to the City of South Bend regarding the opportunity to learn about the abatement processes and to renovate older properties in the City.

Citizen Member Kanczuzewski inquired if there are restrictions regarding income as a result of affordable housing.

Jordan Richardson responded that each year the government will define “affordable”. HUD is used as a guideline for rentals. Section 8 and other voucher programs are consulted, and they also follow the HUD process.

Citizen Member Kanczuzewski inquired if Section 8 vouchers would be accepted.

Jordan Richardson noted that there has been an attempt to offer units primarily to programs and those who meet HUD criteria.

Committee Chair Tomas Morgan inquired if Jordan Richardson could provide additional information regarding Property Bros. LLC and its affiliation with the City of South Bend.

Jordan Richardson summarized his experience in the real estate industry and his journey to become a developer. Property Bros. LLC has been developing for approximately two years. Jordan Richardson noted his commitment to the City of South Bend and renovating vacant properties or those in an unsatisfactory condition.

Councilmember Lee expressed the Council’s appreciation for the work undertaken by Property Bros. LLC. Councilmember Lee asked Jordan Richardson to explain the importance of the abatement and its impact on affordable housing.

Jordan Richardson thanked Councilmember Lee for their support and noted that incentives make a project possible and helps grow organizations such as Property Bros. LLC. With no abatements, projects of this nature are not undertaken due to the risks. Without the City’s investments, projects will not commence which will impact communities.

Citizen Member Kanczuzewski motioned to send Bill *No. 23-57* to the Full Council with a favorable recommendation, seconded by Committee Member Warner, and carried by a vote of three (3) ayes, with three (3) committee members absent.

Committee Chair Rachel Tomas Morgan - <i>Aye</i>	Committee Vice-Chair Troy Warner - <i>Aye</i>
Citizen Member Kaine Kanczuzewski - <i>Aye</i>	Councilmember Eli Wax - <i>Absent</i>
Councilmember Henry Davis Jr. - <i>Absent</i>	Citizen Member Thomas Kurzhal - <i>Absent</i>

Citizen Member Kanczuzewski motioned to send Bill *No. 23-58* to the Full Council with a favorable recommendation, seconded by Committee Member Warner, and carried by a vote of three (3) ayes, with three (3) committee members absent.

Committee Chair Rachel Tomas Morgan - <i>Aye</i>	Committee Vice-Chair Troy Warner - <i>Aye</i>
Citizen Member Kaine Kanczuzewski - <i>Aye</i>	Councilmember Eli Wax - <i>Absent</i>
Councilmember Henry Davis Jr. - <i>Absent</i>	Citizen Member Thomas Kurzhal - <i>Absent</i>

Bill No. 23-59 – A Resolution Confirming a Five-Year Tax Abatement for Property Located at 1302 West Sample, South Bend, Indiana, for Imagineering Enterprises, Inc.

Mark Bemenderfer explained that the abatement is to support the capital expenditure of \$2.6 million to purchase equipment for a new EN Line. A total of 10 additional employees will be hired with two employees hired each year for the next five years. The new hires will add approximately \$427,600 to payroll, and revenues are expected to increase by 25% to 30%. The organization has been operating in the City of South Bend since 1959.

Additional taxes are estimated at \$173,558 with approximately \$128,000 abated and approximately \$46,000 incurred. After the term of the abatement, an additional \$30,000 will be generated in tax.

Councilmember Hamann highlighted a statement in the documentation that states that the purchase of the EN line will increase revenues by 20% to 30%. Councilmember Hamann inquired about the dollar amount.

Mark Bemenderfer responded that the revenue increase from the EN line would be approximately \$300,000 to \$500,000 annually.

Councilmember Hamann inquired about the average wage for the 10 employees that will be hired.

Mark Bemenderfer responded that the starting rate is \$16 per hour, and it could increase to \$24 per hour depending on experience and level associated with the processing line.

Councilmember Hamann cited a recent report stating that Indiana residents will need to earn \$19 per hour to meet basic needs including paying for rent and food.

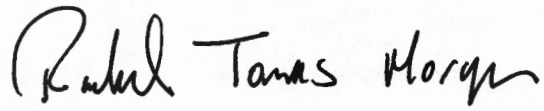
Mark Bemenderfer concurred with the statement and responded that performance reviews are conducted regularly and employees will have the opportunity to earn more based on their experience.

Citizen Member Kanczuzewski motioned to send Bill No. 23-59 to the Full Council with a favorable recommendation, seconded by Committee Member Warner, and carried by a vote of three (3) ayes, with three (3) committee members absent.

Committee Chair Rachel Tomas Morgan - <i>Aye</i>	Committee Vice-Chair Troy Warner - <i>Aye</i>
Citizen Member Kaine Kanczuzewski - <i>Aye</i>	Councilmember Eli Wax - <i>Absent</i>
Councilmember Henry Davis Jr. - <i>Absent</i>	Citizen Member Thomas Kurzhal - <i>Absent</i>

With no further business, Committee Chair Tomas Morgan adjourned the Community Investment Committee meeting at 5:47 p.m.

Respectfully Submitted,



Rachel Tomas Morgan, Committee Chair

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