

# City of Bloomington Common Council

# **Legislative Packet – Addendum**

Posted on Wednesday, 13 December 2023

# Wednesday, 13 December 2023 Regular Session at 6:30 pm

Office of the Common Council



## Memorandum

<b>TO:</b>	Members of the City of Bloomington Common Council
FROM:	Larry Allen, Deputy Mayor Beth Cate, Corporation Counsel Jeff Underwood, City Controller
CC:	Stephen Lucas, Council Attorney
RE:	Resolution 23-23 : Authorization to Sell 220 E. Third Street (Bloomington Police Headquarters)
DATE:	December 13, 2023

## **Executive Summary**

Resolution 23-23 authorizes the City to sell real property located at 220 E. Third Street (the "Police Building") and its surrounding parking lot pursuant to Ind. Code 36-1-11. An estimated \$3M in funds from this sale were presented to Council in December of 2022 as part of the overall funding for the public safety capital projects supported by the issuance of the 2022 Bond Series approved by Council via Ordinance 22-30. The City has received three offers for the Police Building, all of which exceed the \$3M included in the City's overall budget for the public safety capital projects. We recommend that the City Council approve the sale of the Police Building, which will allow the City to negotiate with GMS Pavilion Properties, LLC, a local developer that we consider to have provided the highest and best offer.

## Background

In June of 2021, a flood significantly damaged the Bloomington Police headquarters on East Third Street ("Police Building"), and Fire Station #1 on East Fourth Street. The City made repairs to the Police Building and had to temporarily relocate Fire Station #1 along with Fire administrative leadership to a location in College Square in the downtown. The flood further revealed the inadequacies of those buildings to serve as the long-term homes to both Police and Fire.

In 2022, the Administration proposed to the Common Council of the City of Bloomington ("City Council"), and City Council approved, the issuance of bonds to provide the primary funding for several public safety capital projects for the Bloomington Police and Fire Departments. This fulfilled plans included in the Economic Development Local Income Tax increase that was passed in May of 2022 to finance, among other things, needed public safety facility improvements. The improvements included purchasing and renovating the 64,000 square foot Showers West building to house public safety administration including a new police headquarters, rebuilding Fire Station 1 and renovating Fire Station 3, and building a new Fire training and storage facility.

City Council approved issuance of the 2022 Bond Series in December 2022, via Ordinance 22-30. The bonds were sold on December 8, 2022, and produced net proceeds of \$27.1 million, about a million dollars more than conservative projections included in memos and presentations to City Council supporting the bond issuance. In January 2023 via Appropriation Ordinance 23-01, City Council appropriated the bond funds for the projects and approved the purchase of the 64,000 square feet Showers West, allowing the Administration to move ahead with renovating that space for use as the new police headquarters and fire administration offices.

When the Administration presented the public safety bond issuance to City Council for approval, it included plans to sell the current Police Building and anticipated at least \$3 million in proceeds from the sale that would help pay for the needed public safety capital projects in addition to the bond proceeds. The original proposed projects and costs for which the proceeds would be used, as they were presented to Council, are below:

Original Proposed Projects and Costs in 2022					
Item Estimated Notes Cost					
Purchase of CFC Showers building	\$8.75 million	Agreed purchase price			
Renovation of CFC \$14.75 Showers building million		Based on two architectural reviews and space needs and facility upgrades required			

Rebuilding Fire Station #1	\$5.5 million*	A conservative estimate: probable cost (including inflation) estimates are \$5 to 5.4 million
Remodel Fire Station #3	\$2.5 million*	A conservative estimate for major remodeling, with design yet to be detailed.
Construct BFD training/logistics center and storage facility	\$2.5 million*	A conservative estimate that includes contingencies and pricing uncertainties. Comparable facilities for BPD cost \$2 million

\*Reduction in budgeted amounts is because of a reduction in sources upon a verbal commitment to Council to not budget the use of former CRED funds for the projects.

Since the issuance of bonds in December 2022 and the approval of the purchase of Showers West in January 2023, a great deal of activity has occurred, and the public safety projects are currently underway. Construction has begun for downtown Fire Station #1. Construction bids for the Showers West renovation were opened on December 11. Planning and design continue for Fire Station #3 and the Fire Logistics Training Facility. The current projection of sources and uses of funds for the public safety projects is as follows:

Sources and Uses of Public Safety Projects			
Sources:			
Bond	\$27,100,000		
Police Building Sale Proceeds	\$4,400,000		
Fire Insurance Payout	\$369,927		
Total	\$31,869,927		
Project Uses:			
Fire Station 1 (Downtown)	\$5,364,887		

Construction	\$4,534,990
CM Fee	\$95,235
CM Labor	Est. \$141,612
Design	\$547,700
1% Arts	\$45,350
Showers West	\$14,687,052
Construction	\$12,717,800
CM Fee	\$267,074
CM Labor	Est. \$775,000
Design	\$800,000
1% Arts	\$127,178
Fire Station 3 (N. Woodlawn Ave, IU Campus)	Est. \$1,500,000
Fire Training & Logistics	Est. \$1,500,000
Purchase of Showers West	\$8,750,000
Total Fund Sources	\$31,869,927
Total Project Uses	-\$31,801,938
Difference	\$67,989

## Sale Process

Consistent with the plans announced and discussed with Council last year and Council's approval of the bond issue and purchase of Showers West, the Administration moved forward this year on selling the Police Building. In accordance with state code, the Administration obtained two appraisals of the building, determined a minimum bid, published notice of the minimum bid amount and other terms of sale, designated the Board of Public Works ("BPW") to conduct a noticed public hearing on the disposal of the property and to make a recommendation to the Administration, and noticed the public hearing for December 8, 2023, at 3 p.m. Through an open Invitation to Quote, the Administration selected a broker to market the property widely and generate bids/offers to purchase. Ind. Code 36-1-11, *et seq*.

As discussed in the Council work session on December 4, the two appraisals for the property came in at \$3.2M and \$4.4M. The minimum bid price noticed for the property was \$3.2M. The City received the following three offers:

- 1. Aptitude Development based in Elmwood Park, NJ
  - a. Purchase Price: \$4,850,000
  - b. Due Diligence Period: 120 days
  - c. Contingency: Closing will occur 30 days after "final, non-appealable approval for the development of student housing of at least 475 bedrooms."
  - d. Holdover: During approval period prior to closing with an option to extend maximum of six (6) months upon written notice.
- 2. GMS-Pavillion Properties, LLC (Steve Hoffman) based in Bloomington, IN
  - a. Purchase Price: \$4,400,000 (\$40,000 earnest money)
  - b. Due Diligence Period: 60 days
  - c. Contingency: Title commitment, satisfactory due diligence
  - d. Holdover: 2 years at \$420,000 per year. Option to terminate with 6 months notice after first year (i.e. minimum lease back of 18 months). Lease may extend beyond two years for 60-day periods at \$35,000/month.
- 3. UP Campus Student Living based in Chicago, IL
  - a. Purchase Price: \$3,200,000 (\$100,000 earnest money)
  - b. Due Diligence Period: 45 days
  - c. Contingency: Title commitment, satisfactory due diligence
  - d. Holdover: 1 year at 10% of closing price (including all closing costs) and with 2% annual increase if beyond one year.

On December 8, the BPW held a public hearing, reviewed those offers, and (with one member recusing) made a finding of "no recommendation" to the Administration. The comments of the two voting members suggested they were reluctant to reach a recommendation due to (1) the fact that the bid the City's broker recommended (the GMS Pavilion Properties, LLC offer) did not specify a final intended use, unlike the two other bidders who identified student housing as their goal for the property; (2) the noticed bid period had four days (two business days) remaining, although they appreciated that it was unlikely any further offers would come in during that time; and (3) questions raised recently about whether the City may legally sell the Police Building.

The Administration indicated to the BPW that the City's goal was to further activate the downtown in ways that would support local business and the local community, and the

broker emphasized that a variety of uses or mixed uses were possible and consistent with these goals. Moreover, it is common for a developer to refine plans for use of property as sale negotiations and post-sale development activity proceeds.

Regarding the bid period, the broker indicated that the high level of inquiry regarding the property had produced the offers above and they anticipated no further offers coming in between December 8 and December 12. No further offers were received within the bid period.

Corporation Counsel indicated to the BPW that the Legal Department had reviewed the City's ability to sell the property last year and concluded it may do so, and refrained from offering further details in the public hearing in view of contemporaneous outreach to, and suggestions of possible legal action by, the Hill family and others. The Legal Department continues to conclude that the City may lawfully sell the Police Building. Any further desired activity involving title to the property can and typically would happen in the normal course of events during the due diligence period included in the sale.

Under Ind. Code 36-1-11-3(c), the Common Council must approve any sale of real property valued over \$50,000. As indicated above, the Police Building appraised above this value. Accordingly, as the next step in executing plans discussed and approved in December 2022/January 2023, the Administration is asking the Council to approve the sale of the Police Building. With that approval, we will pursue negotiations with GMS Pavilion Properties, LLC, which we believe to have made the highest and best offer for the following reasons:

- The \$4.4M offer amount substantially exceeds the minimum bid and the City's original estimated \$3M desired for support of the public safety capital projects
- The holdover terms are flexible and favorable to enable a smooth transition for BPD
- The offer comes from a well-reputed local developer
- The offer is not contingent on prior planning approval, which otherwise would delay sale for potentially a substantial amount of time
- The developer is considering a range of uses (hotel, condos, etc.) that would help activate the area economically, provide facilities currently lacking in the area, and allow for additional beneficial use of the adjacent public park

146 This Indenture Witnesseth, That Sol E. Carmicheal and Florence Carmicheal, his wife of Volusia County, in the State of Flords, Convey and Warrant to Leis H. Smith, of Monroe County, in the State of Indiana, for and in consideration of Ten dollars and other в E Comp valuable consideration the receipt whereof is hereby acknowledged, the following described of T real estate in Monroe County in the State of Indiana, to-wit: ackr A part of a certain track of land situated in Block Number one hundred to-w two )102( in Waterman Addition to the City of Bloomington Indiana, in Monroe County, Bounded and described as follows to-wit: Beginning at the Southeast corner of Block one Hundred two (102) thence running west fifty (50) feet, thence north one hundred thirty two (132) feet, Town the thence east fifty (50) feet, thence south one hundred thirty two (132) feet to the place Road of beginning, Sect Subject to a certain mortgage the unpaid balance now held by the Mutual and Building and Loan Ass. \$261.54 feet Also the 1922 taxes payable in 1923 and all subsequent taxes and assessthe ments thereafter and all street improvement liens now ordered. Road In Witness whereof, the said Sol E. Carmichaal and Florence G. Carmichaal his wife, have hereunto set their hands and seals, this fourth day of December 1922. Sol E. Carmichael (Seal) also · Florence G. Carmichael (Seal) and State of Florida, Volusia County, ss: Before me, the undersigned, a NotaryPublic in and for said County and Stat State, this Fourth day of December, A.D., 1922, personally appeared the within named Sol E. Carmicheal and Florence G. Carmicheal his wife the grantors in the above conveyance, and acknowledged the same to be their voluntary act and deed, for the uses and purposes herein and C. E menti ned the In Witness Whereof, I have hereunto subscribed my name and affixed my official seal: A. B. Pralner My Commission expires March 11th, 1923. Notary Public My ( (SEAL) Piled for record File April 23, 1923, at 2 P.M. Felix J. Brown, Recorder. Apr Reve Reli XXXX This Indenture Witnesseth, That Nat U. Hill and Bess V. Hill, his wife; Philip B. Hill and Sallie Hill, his wife; Hays H. Buskirk and Ruth Buskirk, his wife; Tunie H. Buskirk, widow; Mary T. Batman and Ira C. Batman, her husband; Ida W. Dunn and Frank J. Brow Dunn, her husband; Julis A. Blair and William T. Elsir, her husband, Charles B. Waldron, un-married of Monroe County, in the State of Indiana Convey and Warrant to City of Bloomington, E., Six B Municipal Corporation of Monroe County, in the State of Indiana for the sum of Fifty four Rea hundred (\$5400.00) dollars and other valuable consideration the following Real Estate in Monroe Blo County, in the State of Indiana, towit: Lots Number(11) Eleven, Twelve (12), Thirteen (13), Fourteen (14), Fifteen (15), and South one half of Lot Number Sixteen (16) in McCullough's Addition to the Ass City of Bloomington, Indiana. Also Lots Number One (1), Five (5), Six (6) and Seven (7) in Ryors' Addition to the city of Bloomington, Indiana, the same being a Sub-division of Parts of Seminary Lots Number Seventy three (73) and Seventy four (74) in the city of Bloomington, and Sta Also Part of Fractional Lot Number Twenty (20) and Part of Lot Number Sixteen (16) in McCullough's Addition to the city of Bloamington, Indiana, described as follows, to-wit: Beginning at a point on the North line of Fractional Lot Number Twenty (20), One Bundred Twenty five (125) feet east of the East alley line, running North and 800 Irv South through said Fractional Lot Number Twenty (20), thence east to West line of Lincoln the Street, thence South One Hundred Seventeen and one half (117) feet, thence West to a point directly South of the beginning point, thence North to the place of beginning. шγ Му Subject to the fall installment of taxes for year 1921, payable in faal 811 of 1922. Apr Rev Subject to the taxes for 1922, payable in year 1923. Also subject to almortgage of \$3164.28 and interest due thereon, which Fel Grantee assumes and agrees to pay It is agreed by and between the parties hereto that the principal consid-XXX eration for the deed, is that the above and foregoing described real estate shall be used exclusively for a Free Public Park, for the use of the Citizens of Bloomington, Indiana; and Job that the same shall be named and maintained under the name of The Waldron, Eill and Buskirk of Park. And it is further provided that should the Grantee herein, or any other body that shall hereater assume their duties, fail to maintain said Park as above described and for the use and purpose mentioned, the said real estate herein described shall revert to the hup to-TOW Grantors herein, their Administrators, Executors, heirs and assigns. In Witness Whereof, the said Grantors have hereunto set their hands and Beg Sou seals this 3rd day of Sanuary, A.D., 1923. rod Mary T. Batman hun (Seal) Julia A. Blair Seal (25 Ira C. Batman (Seal) William T. Blair (Seal Havs H. Buskirk (Seal) Nat H. Hill (Seal) Ruth Buskirk (Seal) Bess V. Bill Seal His Tunie E. Buskirk Ida W. Dunn Philip B. Eill (Seal (Seal) (Seal) Sallie Bill (Seal Frank J. Dunn Charles B. Waldron(Seal) Ste State of Indiana, Monroe County, ss; Before me, the undersigned, a Notary Public in and for said County, and State, this 3rd day of January 1925 personally appeared Nat U. Hill and Bess V. Bill, his wife, Philip B. Hill and Sallie Hill, his wife, Hays H. Buskirk and Ruth Buskirk, his wife, Tunie H. Buskirk, widow, Mary T. Batman, and Ira C. Batman, her husband, Ida W. Dunn th1 Sar han and Frank J. Dunn, her husband, Julia A. Blair and William T. Blair, her husband and Charles E. MУ Weldron, single and acknowledged the execution of the annexed deed. P11 (SPAL) (SPAL) James W. Blair (Seal) Filed for record Revenue \$2.50 Notary Public #pgil 23, 1923, at 3 P.M. Felix J. Brown, Recorder. My commission expires Jan. 5, 1926. Apr

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286-THIE NUMENTURE WITNESSETH, That Wary 7.Batman and Ira C.Batman, her hushandtikaye H.Bunkirk and Ruth Buskirk, his wigerfunde H.Buskirk, widertida Z.Dunn and Frank J. Dunn, har hushandtjulta A.Blair and Willian 7.Blair, her hushandthess V.Hill midemt Fhilip B.Mill and Salic Hill, his wiferformers B.Waldron, sincle of Monree County, in the State of Indiana.Convey and Warrant to Dist, of Blooptingtor, a Municipal Corporation of Monree County, in the State of Indiana, for and in considerations of Right Thousand Five Hundred and Forty one Dollars, The receipt of which is hereby asknowledged therfollowing described Real Batate in Monree County, Flate of Indiana, to-witsPart of Fractional Lot Number Twenty (20) and Fart of Lot Subber Slatess (16) in sele Oity, One hundred Twenty five (125) fest Rest of the Lot Subber Twenty (20) in sele Oity, One hundred Twenty five (125) fest Rest of the East alley life running North and Bouth through skid Fractional Lot Number Twenty (20), running thence State North and Bouth through skid Fractional Lot Number Twenty (20), running thence State Net line of Lot Number Statesn(16) in McCullough's Addition in skid Oity, thence Forth along and with the alley line to the North line of Fractional Lot Number Twenty [20], thence Bast on-North line of Fractional Lot Number Twenty (20) to the Forth along and with the alley line to the North line of Practional Lot Number Twenty [20], thence Bast on-North line of Fractional Lot Number Twenty (20) to the place of beginning. beginning.

Subject to the taxes for the year 1927 payable in the year 1928. Also subject to a mortgage of \$3164.28 to the Citizens Loan and Trust Company, and all interest due thereon, which grantee assumes and agrees to pay..

In witnesswhereof, The said Grantors have hereunto set their hands and seals, this 30th day of March, 1987.

Mary 7.Batman (Seal) Ira C.Batman (Seal) Sess V/Hill (Seal) Bays H.Buskirk (Seal) Ruth W.Buskirk (Seal) Charles B.Waldron(Swark)	Phillip B.8(1)	Julia A.Blair William T.Blair Tunie R.Busfirk Ida W Dunn Brank J.Dunn Sallie Hill	
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State of Indians, Manroe County, estBefore me, the undersigned, a Notary Public in and for said County and State, this 18th day of May, 1927 personally appeared the within nameds Mary T.Batman and Ira C.Batman, her hunband; Bars H.Buskiri and Buth Buskirk, his wife; Tunie H.Buskirk, widow; Ma W.Dunn and Frank J.Dunn, her husband; Julia A.Blair and William T2Blair, her husband;Bess V.Nil, widow; Phillip B.Hill and Sallis Hill, his wife; Charles B.Waldron, single who Schrowledged the arecution of the annaxed deed, Withses my hand and official seal.

# James W.Blair Notary Public

My commission expires Jan 6, 1930 (Seal) Filed for record

Juns, 0, 1927 at 5 P.M. Felix J.Brown, Recorder.

289- Omardian'sDeed. Beas V.Rill Guardian of Anna J.Rill , Elizabeth S.Hill, Sat U.Hill, Jr., and Margerst Hill as such Guardian , by order of theOircuit Court of Monroe County, in the State of Indiana, stared in Order book of said Court, on page, convey to Oity of Bloomington, Budiana, a Municipal Corporation of Monroe County, in the State of Indiana, for the sum of Four hundred Fity nine(\$459.00) Bollars, the following Real Retate in Monroe Clunty, in the State of Indiana, to-witz

Part of Functional Lot Number Twenty (20) and Part of Lot Number Sixteen (16) in McCullough's Addition to theCity of Bloomington, Indiana, described as follown; to-witzBeginning at a ppint on the North line of Fractional Lot Number Twenty (20) in said city, One hundred Twenty five (125) feet Mast of the Bact Alley line running North and Boath through said Fractional Lot Number Twenty (20), running thence South One hundred aswentess and one half (117g) feet, more or less, thence West to the West line of Lot Number Sixteen (16) in McCollough's Addition in maid city, thence North along and with the alley line to the North line of Fractional Lot Number Twenty (20), thence Hast on North line of Fractional Lot Number Twenty (20) to the place of beginning. ber Twenty

Subject to the taxes for the year 1927, payable in the year 1928. Also subject to a mortgage of \$3164.28 to the Citizens Loan & Trust Company, and all interest due thereon, which grantee assumes and agrees to pay.

In witness whereof the said Bess V Hill Quardian as aforesaid has hereunto set her hand and seal this 7 day of May A.D., 1927. Bens V. #111 (Scal)

This deed examined and approved this May 7, 1928 Herbert A Rundell, Mudge. State of Indiana, Monroe County;sallefore me, the undersigned, a Notary Public in and for said County, this 7th day of May A.D., 1927 personally appeared Bean V.Hill Guardian of Anna J.Hill, Mirzbeth M.Hill, Nr., and Margeret Hill, as such Guardian acknowledge the execution of the annexed Deed. Witness my hand and Notarial seal.

James W. Blair Notary Public

My commission expires Jan 6, 1930 Filed for resord June 8, 1927 at 5 P.M. Felix J.Brown, Recorder. 134

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Showers West Winning Bid Packages						
Bid Package Contractor Bid Amount						
Bid Pkg 1: General Trades	SCS Construction	4,623,400				
Bid Pkg 2: Fire Protection	Multicraft	310500				
Bid Pkg 3: Mechanical and Plumbing	HFI	4128000				
Bid Pkg 4: Electrical	Cassady Electric	3655900				
	Total	12,717,800				

Contractor Name:	Fox Construction	Force Construction	Building Associates	SCS Construction	JungGlause Ca
TOTAL BASE BID	\$5,884,600	\$7,133,401	\$4,797,700	\$4,617,000	\$6,450,0
Alternate 1 - Generator (Deduct):	No Bid	No Bid	No Bid	No Bid	No Bi
Alternate 2	Omitted	Omitted	Omitted	Omitted	Omitte
Alternate 3 - IT Room (Add)	\$45,600	\$31,372	\$31,700	\$6,400	\$30,00
Alternate 4 - Restroom (Deduct) \$	(\$10,400)	(\$20,958)	(\$15,634)	(\$16,600)	(\$12,0
Alternate 5 - Concealed Sprinkler Heads \$	No Bid	No Bid	No Bid	No Bid	No Bi
Alternate 6 - phenolic-foam ducts and fittings \$	No Bid	No Bid	No Bid	No Bid	No Bi
Addendum #1 Addendum #2		┨┠─────┥			┨┝────
Addendum #3					

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Contractor Name:	Multicraft		
TOTAL BASE BID	\$280,000	\$	
Alternate 1 - Generator (Deduct):	No Bid		
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Alternate 2	Omitted		
Alternate 3 - IT Room (Add)	\$30,500		
Alternate 4 - Restroom (Deduct) \$	(\$500)		
Alternate 5 - Concealed Sprinkler Heads \$	No Bid		
Alternate 6 - phenolic-foam ducts and fittings \$	No Bid		
Addendum #1			 
Addendum #2			
Addendum #3			

Contractor Name:	Heflin	HFI	HFI 2 & 3	
TOTAL BASE BID	\$4,265,000	\$4,125,000	\$ 4,450,000.00	
Alternate 1 - Generator (Deduct):	No Bid	No Bid		
Alternate 2	Omitted	Omitted		
Alternate 3 - IT Room (Add)	\$3,400	\$3,000	\$40,000	
Alternate 4 - Restroom (Deduct) \$	(\$4,000)	(\$16,000)	?	
Alternate 5 - Concealed Sprinkler Heads \$	No Bid	\$3,000	?	
Alternate 6 - phenolic-foam ducts and fittings \$	No Bid	No Bid	?	

Contractor Name:	Electric Plus	Cassady	 
TOTAL BASE BID	\$ 5,966,770.00	\$ 3,645,900.00	
Alternate 1 - Generator (Deduct):	\$ (469,000.00)	\$ (471,345.00)	
Alternate 2	Omitted	Omitted	
Alternate 3 - IT Room (Add)	\$ 2,500.00	\$ 10,000.00	
Alternate 4 - Restroom (Deduct) \$	\$ (1,750.00)	\$ (2,550.00)	
Alternate 5 - Concealed Sprinkler Heads \$	No Bid	No Bid	
Alternate 6 - phenolic-foam ducts and fittings \$	No Bid	No Bid	
Addendum #1			
Addendum #2 Addendum #3			

Contractor Name:	Force	Jungclaus Campbell	 
TOTAL BASE BID	\$18,468,600	\$16,000,500	
Alternate 1 - Generator (Deduct):	(\$512,148)	(\$550,000)	
Alternate 2	Omitted	Omitted	
Alternate 3 - IT Room (Add)	\$41,215	\$80,000	
Alternate 4 - Restroom (Deduct) \$	(\$44,747)	(\$32,000)	
Alternate 5 - Concealed Sprinkler Heads \$	\$3,518	\$5,000	
Alternate 6 - phenolic-foam ducts and fittings \$	No Bid	No Bid	
Addendum #1			
Addendum #2 Addendum #3	┫┣────┫		