



City of Bloomington Common Council

Legislative Packet – Addendum

Posted on Wednesday, 13 December 2023

Wednesday, 13 December 2023

Regular Session at 6:30 pm



Memorandum

TO: 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 Cost	Notes
Purchase of CFC Showers building	\$8.75 million	Agreed purchase price
Renovation of CFC Showers building	\$14.75 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

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288- THIS INSTRUMENT WITNESSETH, That Mary T. Batman and Ira C. Batman, her husband; Hays H. Buskirk and Ruth Buskirk, his wife; Tunie H. Buskirk, widow; Ida W. Dunn and Frank J. Dunn, her husband; Julia A. Blair and William T. Blair, her husband; Bess V. Hill, widow; Phillip B. Hill and Sallie Hill, his wife; Charles B. Waldron, single of Monroe County, in the State of Indiana, convey and warrant to City of Bloomington, a Municipal Corporation of Monroe County, in the State of Indiana, for and in consideration of Eight Thousand Five Hundred and Forty one Dollars, The receipt of which is hereby acknowledged the following described Real Estate in Monroe County, State of Indiana, to-wit: Part of Fractional Lot Number Twenty (20) and Part of Lot Number Sixteen (16) in McCullough's Addition to the City of Bloomington, Indiana, described as follows, to-wit: Beginning at a point on the North line of Fractional Lot Number Twenty (20) in said City, One hundred Twenty five (125) feet East of the East alley line running North and South through said Fractional Lot Number Twenty (20), running thence South one hundred seventeen and one half (117 1/2) feet, more or less, thence West to the West line of Lot Number Sixteen (16) in McCullough's Addition in said City, thence North along and with the alley line to the North line of Fractional Lot Number Twenty (20), thence East on North line of Fractional Lot Number Twenty (20) to the place of 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 witness whereof, The said Grantors have hereunto set their hands and seals, this 10th day of March, 1927.

Mary T. Batman	(Seal)	Julia A. Blair	(Seal)
Ira C. Batman	(Seal)	William T. Blair	(Seal)
Bess V. Hill	(Seal)	Tunie H. Buskirk	(Seal)
Hays H. Buskirk	(Seal)	Ida W. Dunn	(Seal)
Ruth W. Buskirk	(Seal)	Frank J. Dunn	(Seal)
Charles B. Waldron	(Seal)	Sallie Hill	(Seal)

Phillip B. Hill

State of Indiana, Monroe County, ss: Before me, the undersigned, a Notary Public in and for said County and State, this 18th day of May, 1927 personally appeared the within named Mary T. Batman and Ira C. Batman, her husband; Hays H. Buskirk and Ruth Buskirk, his wife; Tunie H. Buskirk, widow; Ida W. Dunn and Frank J. Dunn, her husband; Julia A. Blair and William T. Blair, her husband; Bess V. Hill, widow; Phillip B. Hill and Sallie Hill, his wife; Charles B. Waldron, single who acknowledged the execution of the annexed deed, Witness my hand and official seal.

James W. Blair
Notary Public

My commission expires Jan 6, 1930
(Seal)
Filed for record
June 8, 1927 at 5 P.M.
Felix J. Brown, Recorder.

289- Guardian's Deed.
Bess V. Hill Guardian of Anna J. Hill, Elizabeth E. Hill, Nat U. Hill, Jr., and Margaret Hill as such Guardian, by order of the Circuit Court of Monroe County, in the State of Indiana, entered in Order book of said Court, on page, convey to City of Bloomington, Indiana, a Municipal Corporation of Monroe County, in the State of Indiana, for the sum of Four hundred Fifty nine (\$459.00) Dollars, the following Real Estate in Monroe County, in the State of Indiana, to-wit:

Part of Fractional Lot Number Twenty (20) and Part of Lot Number Sixteen (16) in McCullough's Addition to the City of Bloomington, Indiana, described as follows; to-wit: Beginning at a point on the North line of Fractional Lot Number Twenty (20) in said City, One hundred Twenty five (125) feet East of the East Alley line running North and South through said Fractional Lot Number Twenty (20), running thence South one hundred seventeen and one half (117 1/2) feet, more or less, thence West to the West line of Lot Number Sixteen (16) in McCullough's Addition in said City, thence North along and with the alley line to the North line of Fractional Lot Number Twenty (20), thence East on North line of Fractional Lot Number Twenty (20) to the place of 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 & Trust Company, and all interest due thereon, which grantee assumes and agrees to pay.

In witness whereof the said Bess V. Hill Guardian as aforesaid has hereunto set her hand and seal this 7 day of May A.D., 1927.

Bess V. Hill (Seal)
Herbert A. Rundell, Judge.

State of Indiana, Monroe County; ss: Before me, the undersigned, a Notary Public in and for said County, this 7th day of May A.D., 1927 personally appeared Bess V. Hill Guardian of Anna J. Hill, Elizabeth E. Hill, Nat U. Hill, Jr., and Margaret 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
(Seal)
Filed for record June 8, 1927 at 5 P.M.
Felix J. Brown, Recorder.

(X)

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

