



City of Bloomington
Common Council

Legislative Packet

19 October 2005

Office of the Common Council
P.O. Box 100
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Bloomington, Indiana 47402

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**City of
Bloomington
Indiana**



City Hall
401 N. Morton St.
Post Office Box 100
Bloomington, Indiana 47402

Office of the Common Council
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To: Council Members
From: Council Office
Re: Weekly Packet Memo
Date: October 14, 2005

Packet Related Material

Memo

Agenda

Calendar

Notices and Agendas:

Council Sidewalk Committee Meeting on Monday, October 17th at noon in the McCloskey Room

Legislation for Final Action:

Res 05-20 Resolution of Support for the Bloomington Urban Enterprise Zone and Association

- Map of Zone; Memo from Lisa Abbott, Assistant Director of HAND

Contact: Lisa Abbott at 349-3576 or abbottl@bloomington.in.gov

Res 05-19 To Approve Application and Authorize Grant From the Business Investment Incentive Fund (Middle Way House, Inc., Petitioner)

- EDC Res 05-07; Memo from Ron Walker, Director of Economic Development; BIIF Balance Sheet; Application; Business Plan; Entire Project Costs; Financial Sources; List of Additional Information Available in the Council Office; Program Guidelines

Contact: Ron Walker at 349-3534 or walkerr@city.bloomington.in.gov

Legislation and Background Material for First Reading:

None

Minutes from Regular Session:

None

Memo

Reminder: Council Sidewalk Committee Meeting at Noon on Monday in the McCloskey Room

Two Resolutions Ready for Final Action and No Ordinances Ready for Introduction at the Regular Session on Wednesday, October 19th

There are two resolutions ready for final action and no ordinances ready to be introduced at the Regular Session on October 19th. The summaries, legislation, and background material for the two resolutions can be found in this memo and packet. *Please note that **Res 05-18**, which approves the downtown plan, will be considered on October 26th and November 2nd and will go out next Friday.*

Final Actions

Item One – Res 05-20 – Supporting the Continuation of the BUEA and Enterprise Zone

Res 05-20 supports the work of the Bloomington Urban Enterprise Association (BUEA) and continuation of our enterprise zone (Zone). As noted in the resolution and the memo prepared by Lisa Abbott, Assistant Director of HAND, it is being presented as a result of P.L. 214-2005, which requires that the Council take action by the end of this year in order for the Zone to continue next year.

History

Enterprise zones were created by the General Assembly in 1983 to offer a package of tax incentives that help revitalize and generate employment in a distressed area within a locality. Our Zone began in 1992 with the encouragement of the former State Department of Commerce as a way to help Thomson Consumer Electronic and the community (see Res 91-37).

Thomson and the other zone industries saw immediate savings because, under a reinvestment agreement, they could keep 80% of their inventory tax and turn the other 20% over to the Zone. This money, along with other nominal revenues, was then available to foster reinvestment, encourage loans, and benefit individual residents of the zone. Over the next few years, the Zone increased business participation in the program, helped with the expansion of zone businesses, and worked with neighbors regarding zone programs and projects. Then the departure of

Thomson in 1997 significantly reduced zone revenues and led the BUEA to expand the Zone when it obtained a five-year renewal in 2002. *Please note that, subject to approval of the board of the Indiana Economic Development Corporation (which replaced the State Department of Commerce under the Governor Daniels), the Zone may be renewed for another five years after the current term expires in 2007.*

As a cost-saving measure the BUEA also agreed to let the City serve as administrator in 2000 and those duties were transferred from the Economic Development to the HAND department in 2002.

BUEA Composition, Duties, and Accomplishments

The BUEA consists of 12 members from the business and labor sectors, state and local government, and residents of the zone, who are appointed by the Governor (2), Mayor (6), and Council (4).

Under I.C. 5-28-15-14 it is required to:

- coordinate zone development activities and serve as a catalyst for zone development;
- promote the zone to those outside of it;
- establish formal lines of communication with zone residents and businesses; and
- serve as liaison between residents, businesses, the City, and the state board for any development activity that may affect the zone and its residents.

And, along with those required duties, it may:

- commence and coordinate community development activities that help employ residents of the zone, improve its physical environment, foster capital investment, and advise the City on use of Tax Incremental Finance District funds within its boundaries;
- recommend changes to the zone boundary and disqualification of zone businesses for zone benefits and incentives;
- incorporate as a nonprofit corporation (in which case it may receive land from the City's Redevelopment Commission); and
- request modification of a state or local law or regulation affecting the zone, which may be granted as long as it does not affect the health, safety, civil rights, or employment rights.

According to the memo from Lisa Abbott, the BUEA started a number of programs and initiatives since 2002. Some of them include:

- a business consulting partnership with the South Central Small Business Development Center (SCSBDC) – which provided technical assistance to nine businesses last year, producing 25 new jobs and \$125,000 in zone revenue;
- loan programs, including a micro enterprise loan program through the SeedCorp - which provided loans for emergencies and physical improvements;
- special projects – which provided \$100,000 to Middle Way House to help acquire the Coca-Cola Building and \$75,000 to Rhino's to buy and renovate real estate in order to expand their facilities;
- a neighborhood improvement match program – which provided funds to the McDoel Gardens Neighborhood for reconstructing a WPA limestone sidewalk;
- a school grant program - which provided \$25,000 this year to schools within the zone; and
- scholarship programs for zone residents with IVY Tech and the SCSBCC - which provided 12 scholarships in 2004.

BUEA Revenues and Uncertain Future

Lisa Abbott indicates that the Zone fund had a balance of approximately \$442,500 as of the end of September. Zone businesses contribute most of the Zone revenues by paying 20% of certain incentives and tax benefits they receive to the fund. The bulk of those contributions come from the inventory taxes zone businesses are allowed to forego. Other contributions come from their receipt of a gross income tax exemption, wage tax credit, investment cost credit, and loan interest credit. These revenues should amount to about \$147,000 this year, but should significantly shrink in future years when the inventory tax ends with the payment of taxes in 2007.

Please note that the loss of the inventory tax revenues and a new direction from the state will mean changes for the Zone in the future.

Item Two - Res 05-19 - Authorizing a \$25,000 BIIF Grant to Middle Way House for Restoring the Façade of the Old Coca-Cola Building at 318 South Washington Street

Res 05-07 authorizes a \$25,000 non-profit initiative grant from the Bloomington Investment Incentive Fund (BIIF) program to the Middle Way House for improvements to the façade of the old Coca-Cola Building at 318 South Washington Street. The following paragraphs summarize the memo and

application materials provided by Ron Walker, Director of Economic Development, and include other comments based upon this agency's submissions under the Jack Hopkins Social Services Funding program.

History of Fund and Purposes of the BIIF

The BIIF was created in 1986 with some of the money (\$400,000) paid by certain west side industries in lieu of their annexation into the City pursuant to Ord 86-04 and the guidelines for the program were initially established by Res 86-06 and then significantly amended in 1999 by Res 99-17. As of mid-September the fund had a balance of \$686,315, with one business disruption loan to Cha Cha's in the amount of \$19,970 outstanding. (*Please see the enclosed Balance Sheet*) The small grant initiative is a relatively minor portion of the Bloomington Investment Incentive Fund program which includes low-interest loans targeting:

- The retention, expansion, and attraction of businesses within or contiguous with the City or within the Areas Intended for Annexation (AIFA);
- Businesses within the Downtown Development Opportunity Overlay (DDOO);
- Businesses forced to relocate due to public projects;
- Business supported child care facilities; and
- Businesses disrupted due to City public works projects.

Middle Way House Project

Middle Way House is a 501(c) (3) agency that began in 1981 with a mission of ending violence in the lives of women and children. It strives to give women meaningful alternatives in the form of a place to live, the opportunity to make informed decisions, and a means of earning income. Through the years Middle Way House has expanded to include its head quarters on West Kirkwood Avenue, the Rise Transitional Housing facility on South Washington, and a subsidiary known as Middle Way Enterprises. Middle Way Enterprises includes a healthy food catering service (Middle Way Food Works) and a confidential document destruction service (CDD), which occupy various sites in the community.

It recently acquired the old Coca-Cola Building on South Washington and two adjacent warehouses and is engaged in an ambitious, \$4 million, three-phase effort at the site, which will eventually house the Middle Way House administrative offices, additional residential facilities, and one of the micro-enterprises. Phase one is underway and entails the purchase of the property and structural repairs and

restoration of the façade on the Coca-Cola Building at a total cost of about \$768,000. Phase two involves rehabilitation of the building at a cost of \$1.2 million. Phase three involves replacing the warehouses with a new building that will provide administrative offices, programs, and additional shelter facilities at a cost of \$1.5 million.

Middle Way House has applied for a \$25,000 grant to help with restoration of the façade of the main building. This building is on the National Register of Historic Places and the restoration will, in part, return three sections of brick and limestone that were removed due a concern for pedestrian safety. The cost for the façade work is about \$75,000.

Purpose of the Non-Profit Grant Initiative

The non-profit grant initiative offers small, matching grants to encourage capital investments to facilities owned or operated by non-profits in the Downtown Development Opportunity Overlay (DDOO) district. These non-profits must have a retail or commercial activity - such as performance venues, galleries, and retail shops - as their primary purpose. The grants may be as high as \$25,000 and must be matched by at least an equivalent amount of eligible project costs. They are in lieu of loans and may only be given to an entity once every five years.

Highlights of Middle Way House Application For Grant

In August, the Middle Way House submitted an application to the City and in September, the Economic Development Commission adopted a resolution approving it. The following are the eligibility and evaluation criteria for applications under the small non-profit grant and its umbrella loan program. Please note that some of the evaluation criteria only apply to the downtown loan program and are not relevant to applications under the grant program. The comments in italics borrow from Ron Walker's memo and also include my own effort to apply the information about this application to the criteria.

Eligibility

- **Non-Profit Owns the Real Estate and has a Retail or Commercial Activity as Its Primary Purpose** - *Middle Way House owns the property and is a non-profit entity. One of Middle Way Enterprises, the Confidential Document Destruction (CDD) service has already occupied the building and Middle Way House intends for the Food Works Kitchen, a Women's Business Center, and a*

child care facility to be housed here in the long run.

- **Capital Improvements to Facilities in DDOO** – *It is requesting matching funds to repair the façade of the old Coca-Cola Building, which is located in the DDOO.*
- **50% Matching Funds** – *It is seeking \$25,000 for a capital improvement project worth \$75,000 and has found matching funds including \$21,000 in CDBG funds and community donations. (See Financial Sources in packet)*
- **No Other Program Funds in Last 5 Years** – *It has not received a previous grant from this fund and is not seeking a program loan for this project.*

Evaluation Criteria

- **Strength of the business plan or proposal**
Middle Way House provided a 13-page business plan for the two businesses within its subsidiary, Middle Way Enterprises. (See Business Plan in the packet) The plan makes clear that this organization has a “humanitarian agenda” of promoting the self-sufficiency of its client/employees. The eight-year old CDD service can digitize and shred confidential documents and then bale and sell the paper. It serves 250 companies within a six county area and, despite aggressive marketing by multinational competitors, believes that its good reputation for quality service will allow it to double its earnings in the next three years. The three-year old Middle Way Food Works provides food to local social service agencies under long term contracts and to the public at events and through take-home meals. Despite strong competition from local vendors, it plans to double its revenues within five years by expanding its catering of events, offering more goods for sale directly to the public, and opening a community “incubator” kitchen.
- **Projected impact on the economic vitality of the downtown**
CDD employs four people, earned \$140,000 last year, and expects to double those earnings within three years. Food Works employs 14 people, earned about \$500,000 last year, and expects to double those earnings within the next five years. In both cases, the increase in earnings will be used to hire more staff. In addition, Middle Way House will ultimately move its head quarters to a much larger space and triple its capacity to provide emergency and supportive services.

- **Use of grant to leverage other funds**
It has already received a CDBG grant for \$21,000 and intends to raise the rest through community donations. (See Financial Sources in the packet)
- **Nature and extent of security/guarantees - N/A**
- **Credit history - N/A**
- **Increases or decreases in the tax base**
The grant will be used to make improvements to real estate which is owned by a non-profit and will remain off the tax rolls. Increases in payroll taxes will augment the City's COIT revenues.
- **Other city or state incentives (i.e., tax abatements)**
While the following may not be considered "incentives," please note that the City awarded a \$21,000 CDBG grant to Middle Way House for this project and a \$10,000 Jack Hopkins Social Services grant to purchase a mobile ramp for the Confidential Document Destruction enterprise, which is temporarily located at this site. The BUEA also provided \$100,000 to help acquire the property.
- **Nature and extent of equity participation - N/A**
- **Approval of owner of property - N/A**
- **Compatibility with historic character of the downtown**
The building is on the National Register of Historic Places and the improvements will reviewed for compliance with the Secretary of the Interior standards for the treatment of historic properties.

**NOTICE AND AGENDA FOR
COMMON COUNCIL, REGULAR SESSION
7:30 P.M., WEDNESDAY, OCTOBER 19, 2005
COUNCIL CHAMBERS
SHOWERS BUILDING, 401 NORTH MORTON**

I. ROLL CALL

II. AGENDA SUMMATION

III. APPROVAL OF MINUTES FOR: None

IV. REPORTS FROM:

- 1. Council Members**
- 2. The Mayor and City Offices**
- 3. Council Committees**
- 4. Public**

V. APPOINTMENTS TO BOARDS AND COMMISSIONS

VI. LEGISLATION FOR SECOND READING

1. Resolution 05-20 Resolution of Support for the Bloomington Urban Enterprise Zone and Association

Committee Recommendation: None

2. Resolution 05-19 To Approve Application and Authorize Grant from the Business Investment Incentive Fund (Middle Way House, Inc., Petitioner)

Committee Recommendation: None

VII. LEGISLATION FOR FIRST READING

None

VIII. PRIVILEGE OF THE FLOOR (This section of the Agenda is limited to a maximum of 25 minutes. Each speaker is allotted 5 minutes.)

IX. ADJOURNMENT

City of
Bloomington
Indiana

City Hall
401 N. Morton St.
Post Office Box 100
Bloomington, Indiana 47402



Office of the Common Council
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To: Council Members
From: Council Office
Re: Calendar for the Week of October 17-22, 2005
Date: October 14, 2005

Monday, October 17, 2005

12:00 pm Common Council Sidewalk Committee, McCloskey
4:00 pm Council for Community Accessibility, McCloskey
4:30 pm Plat Committee, Hooker Room
5:00 pm Farmers' Market Advisory Council, Encore Café, 316 W. Sixth Street
5:00 pm Utilities Service Board, IU Research Park, 501 N. Morton Street Room 100B
5:30 pm Bicycle and Pedestrian Safety Commission, Hooker Room
5:30 pm Plan Commission, Council Chamber
6:00 pm Maxwell Street Sidewalk Project Public Meeting, Kelly

Tuesday, October 18, 2005

12:00 pm Bloomington Industrial Development Advisory Commission, Hooker Room
3:30 pm Community and Family Resources Commission, Hooker Room
4:00 pm Board of Public Safety, 220 E. Third Street
5:30 pm Bloomington Public Transportation Corporation, 130 W. Grimes Lane
5:30 pm Board of Public Works, Council Chambers
5:30 pm Animal Control Commission, McCloskey
6:30 pm Council for Community Accessibility Annual Awards Ceremony, Mayfields Ballroom, 2100 Liberty Dr.
7:00 pm Winfield Sidewalk Project Public Meeting, Council Chambers

Wednesday, October 19, 2005

4:00 pm Martin Luther King, Jr. Birthday Commission, McCloskey
5:30 pm Community Development Block Grant, McCloskey
6:00 pm Graywell Neighborhood Traffic Safety Program, Council Chambers
7:00 pm Council of Neighborhood Associations, Hooker Room
7:30 pm Common Council Regular Session, Council Chambers

Thursday, October 20, 2005

8:00 am Bloomington Housing Authority Board of Commissioners, 1007 N. Summit Drive
5:30 pm Board of Zoning Appeals, Council Chambers
6:00 pm Nancy Street Sidewalk Project Public Meeting, McCloskey
7:00 pm Environmental Commission, McCloskey

Friday, October 21, 2005

There are no scheduled meetings for this date.

Saturday, October 22, 2005

7:00 am Bloomington Community Farmers' Market, Showers Common



City of Bloomington
Office of the Common Council

MEETING NOTICE

Common Council Sidewalk Committee

The Common Council Sidewalk Committee will meet at 12:00 p.m. on Monday, October 17, 2005. The meeting will be held in the McCloskey Room at City Hall (401 N. Morton Street). The purpose of the meeting is to discuss sidewalk projects and procedures for 2006. Because a quorum of the Council may be present, this meeting would also constitute a meeting of the Council as well as of this committee under the Indiana Open Door Law. For that reason, this statement is providing notice that this meeting will occur and is open for the public to attend, observe, and record what transpires.

Posted: Tuesday, October 12, 2005

RESOLUTION 05-20

**RESOLUTION OF SUPPORT FOR THE
BLOOMINGTON URBAN ENTERPRISE ZONE AND ASSOCIATION**

WHEREAS, the General Assembly of the State of Indiana enacted language in P.L. 214-2005, as noted in the annotation to Indiana Code 36-1-2-23, requiring the legislative body of units of local government that contain an enterprise zone to enact a resolution prior to December 31, 2005 recommending whether the zone should continue in existence or be terminated effective December 31, 2005, and provided that failure to adopt such a resolution would result in the termination of the zone effective December 31, 2005; and

WHEREAS, the Bloomington Urban Enterprise Zone (“Zone”) and its administrative entity, the Bloomington Urban Enterprise Association (“BUEA”), were created in 1991 pursuant to IC 4-4-6.1 to provide access to tax credits for zone businesses and develop programs to promote economic development within the designated zone boundaries, which boundaries are shown on the map attached hereto as Exhibit A; and

WHEREAS, the BUEA has developed a number of programs which it continues to administer for the Zone, including, but not limited to:

- BUEA/SBDC Business Loan Program
- BUEA Loan Program
- BUEA Historic Grant
- Zone School Grant
- IVY TECH Scholarship Program for zone residents
- BUEA Scholarship Program for zone residents; and

WHEREAS, the programs developed by the BUEA for the Zone provide important benefits to Bloomington businesses and citizens, and enhance the economic vitality, employment opportunities and community character of Bloomington, and their continuation will aid in Bloomington’s ongoing economic development;

NOW, THEREFORE, BE IT RESOLVED BY THE COMMON COUNCIL OF THE CITY OF BLOOMINGTON, MONROE COUNTY, INDIANA THAT:

The Common Council endorses the work that the Bloomington Urban Enterprise Association is doing in the Bloomington Urban Enterprise Zone and supports its continuance.

PASSED AND ADOPTED by the Common Council of the City of Bloomington, Monroe County, Indiana, upon this _____ day of _____, 2005.

ANDY RUFF, President
Bloomington Common Council

SIGNED and APPROVED by me upon this _____ day of _____, 2005.

MARK KRUZAN, Mayor
City of Bloomington

ATTEST:

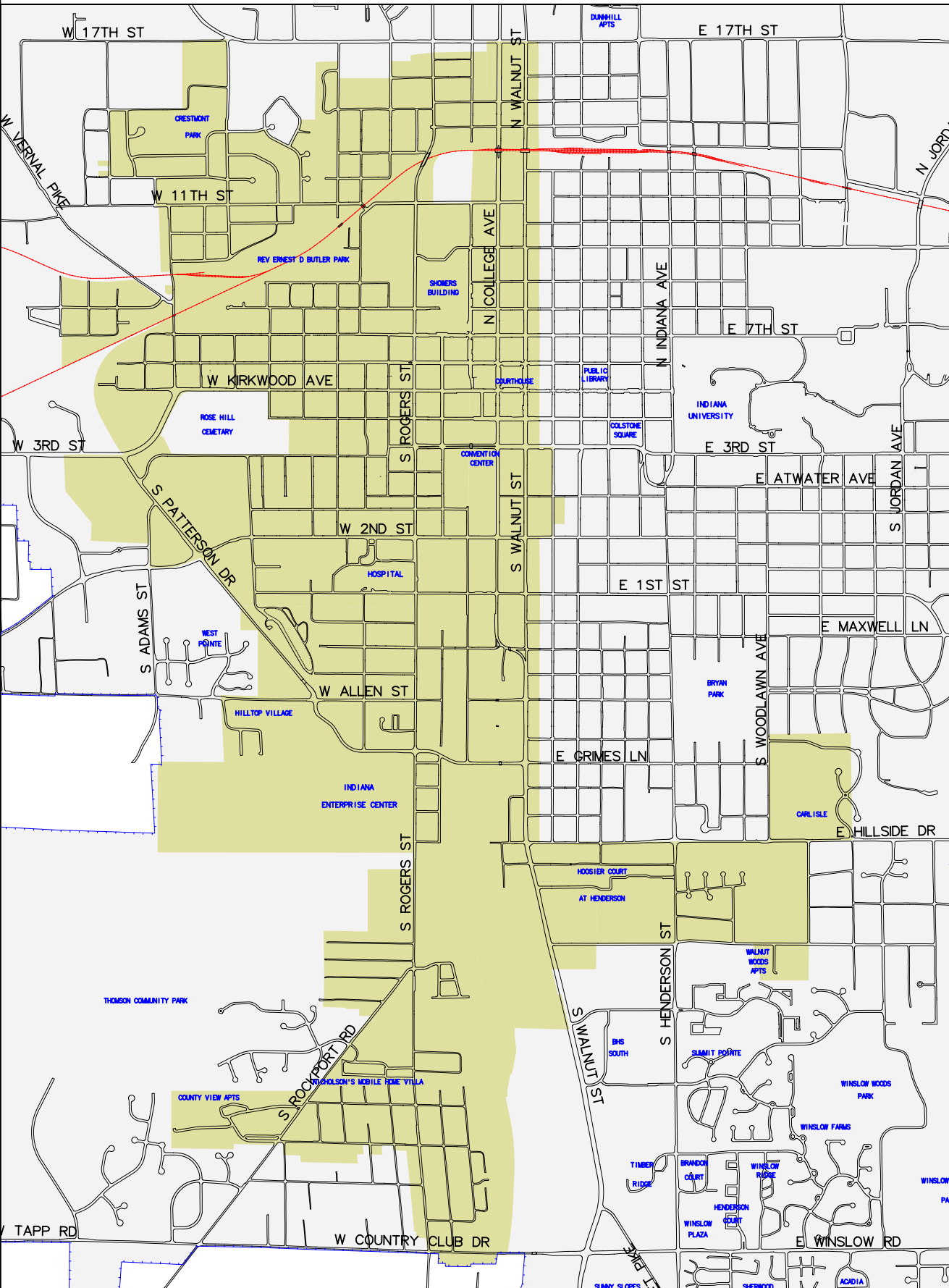
REGINA MOORE, Clerk
City of Bloomington

SYNOPSIS

This resolution endorses the work of the Bloomington Urban Enterprise Association in the Enterprise Zone and supports its continuation.

Bloomington Urban Enterprise Zone

Oct 12, 2005



City of Bloomington
Geographic Information System

For use as map information only, information is NOT warranted.

Scale: 1" = 1800'

TuezLP

Memo

To: City Councilmembers
From: Lisa Abbott, Asst. Director, HAND
CC: Susie Johnson, Director, HAND
Date: October 14, 2005
Re: BUEA

The Bloomington Urban Enterprise Association (BUEA) was created in 1991 to provide access to tax credits and to encourage economic development in the urban core (the Enterprise Zone) of Bloomington. In 2001, the City of Bloomington agreed to administer the BUEA and in 2002 it was placed in the Housing and Neighborhood Development Department.

In accordance with state statute approved in the most recent session of the General Assembly, the City Council must pass a resolution recommending continuance of the Bloomington Urban Enterprise Zone or it and the BUEA will cease to exist effective December 31, 2005.

Since 2002, the BUEA has created a number of programs/initiatives that include:

- o BUEA/SBDC Business Consulting partnership
- o BUEA Loan Program
- o BUEA Historic Improvement Grant
- o Zone School Grant
- o IVY Tech Scholarship program for zone residents
- o BUEA Scholarship program for zone residents
- o Neighborhood Improvement match program
- o Special projects

In 2004, the BUEA accomplished the following:

1. Through its partnership with the SCSBDC, provided nine businesses with technical assistance which resulted in the creation of 25 new jobs and increased zone revenue by \$125,000;
2. Provided an emergency loan to the Wandering Turtle Art Gallery;
3. Started a revolving fund to be administered by the SCSBDC for microenterprise lending;
4. Provided one loan and one grant for commercial property improvements within the zone;
5. Provided \$100,000 to Middle Way House to assist in the acquisition of the Coca Cola Building to house their business enterprises and \$75,000 to Rhino's for the acquisition/rehab of 318-327 S. Walnut Street to be partially used for the club;
6. Expended funds (allocated in 2003) for the retrofit of the Herald-Times loading dock for the CSX Trail;
7. Allocated matching funds to McDoel Gardens Neighborhood for reconstruction of their historic WPA limestone sidewalks (allocated in 2004, but to be expended in 2005); and

8. Allocated \$40,000 through the Zone School Grant program. Schools that received grants included Aurora Alternative High School, Broadview Elementary, Fairview Elementary, and Templeton Elementary;
9. Provided ten scholarships for zone residents to attend IVY Tech; and
10. Provided two scholarships for zone residents to attend the Small Business Development Center's (SCSBDC) Small Business Development Class.

Fiscal year 2005 has been very busy as well with the introduction of the BUEA Commercial Historic Improvement Grant and the continuation of the other programs. While funding for the BUEA has decreased in recent years, and will decline further at the sunset of the inventory tax credit in 2006 payable 2007, the BUEA Board is committed to doing the most it can with the resources it has available. We would very much appreciate your support for the resolution.

RESOLUTION 05-19

**TO APPROVE APPLICATION AND AUTHORIZE GRANT FROM
THE BUSINESS INVESTMENT INCENTIVE FUND
(Middle Way House, Inc., Petitioner)**

- WHEREAS, on March 5, 1986 the Common Council of the City of Bloomington established the Bloomington Industrial Incentive Loan Fund and approved and authorized Guidelines and Procedures for the use of the Industrial Incentive Loan Fund; and
- WHEREAS, on May 19, 1999 the Common Council in Resolution 99-17 amended the guidelines and procedures to the Industrial Incentive Loan Fund, and renamed the program the Business Investment Incentive Fund; and
- WHEREAS, procedures established in Resolution 99-17 amended the program to permit the grant of up to \$25,000 to not-for-profit organizations within the Downtown Development Opportunity Overlay; and
- WHEREAS, procedures established in Resolution 99-17 require that an application be made to the Economic Development Commission of the City of Bloomington, and following approval by the Economic Development Commission, the application shall be forwarded to the Bloomington Common Council for approval by resolution; and
- WHEREAS, the Middle Way House, Inc. has filed an application for an Business Investment Incentive Grant, which application was approved by the Economic Development Commission in Resolution 05-07 and forwarded to the common Council for its approval; and
- WHEREAS, according to the application, Middle Way House, Inc. intends to use the grant to make capital improvements to the exterior of the former Coca-Cola Bottling Plant, 318 South Washington Street;

NOW, THEREFORE, BE IT HEREBY RESOLVED BY THE COMMON COUNCIL OF THE CITY OF BLOOMINGTON, MONROE COUNTY, INDIANA, THAT:

SECTION 1. A grant in the amount of twenty-five thousand dollars (\$25,000) from the City of Bloomington's Business Investment Incentive Fund is hereby approved. The Controller of the City of Bloomington is hereby authorized to release funds in the amount specified and subject to the specific terms and conditions approved by the Economic Development Commission in Resolution 05-07, together with all terms and conditions contained in Resolution 99-17.

SECTION 2. This resolution shall be in full force and effect from the passage by the Common Council of the City of Bloomington and approval by the Mayor.

PASSED AND ADOPTED by the Common Council of the City of Bloomington, Monroe County, Indiana, upon this _____ day of _____, 2005.

ANDY RUFF, President
Bloomington Common Council

ATTEST:

REGINA MOORE, Clerk
City of Bloomington

PRESENTED by me to the Mayor of the City of Bloomington, Monroe County, Indiana, upon this _____ day of _____, 2005.

REGINA MOORE, Clerk
City of Bloomington

SIGNED and APPROVED by me upon this _____ day of _____, 2005.

MARK KRUZAN, Mayor
City of Bloomington

SYNOPSIS

This resolution approves and authorizes a grant from the City of Bloomington's Business Investment Incentive Fund to Middle Way House, Inc. for the purpose of making capital improvements to the former Coca-Cola Bottling Plant at 318 South Washington Street. The grant is in the amount of twenty-five thousand dollars (\$25,000). It is also subject to all specific terms and conditions contained in the City of Bloomington's Economic Development Commission resolution approving the grant, as well as, the guidelines and procedures contained in Common Council Resolution 99-17.

**RESOLUTION 05-07
OF THE
ECONOMIC DEVELOPMENT COMMISSION
OF THE
CITY OF BLOOMINGTON, INDIANA**

WHEREAS, the City of Bloomington Common Council has established the Business Investment Incentive Loan Fund (the "Fund") and has approved guidelines and procedures for use of the Fund; and

WHEREAS, procedures for the Fund require that an application be made to the Economic Development Commission of the City of Bloomington, and following approval by the Economic Development Commission, the application shall be forwarded to the Bloomington Common Council for approval by resolution; and

WHEREAS, the Fund guidelines allow for the making of grants not to exceed \$25,000 to non-profit organizations in the Downtown Development Opportunity Overlay that have retail or commercial activities as a primary purpose; have funds available to match the grant amount; and have not received a grant in the five year period immediately preceding the grant disbursement; and

WHEREAS, Middle Way House, Inc. has filed an application for a grant through the Fund which has been submitted to the Economic Development Commission of the City of Bloomington for its approval;

NOW, THEREFORE, BE IT HEREBY RESOLVED that the Economic Development Commission does hereby approve the Business Investment Incentive Grant Application in the amount of \$25,000 to Middle Way House, Inc.;

FURTHER, said approval is a commitment preceding the required approval of the City of Bloomington Common Council and the execution of a funding agreement and any other documents deemed necessary by the City of Bloomington regarding the grant; verification by the City of the availability of required matching funds; and compliance with all terms and conditions contained in Common Council Resolution 86-06 creating the Fund and subsequent amendments to the Fund.

Dick McGarvey
President

Approved this ____ day of September, 2005.



MEMORANDUM

**ECONOMIC DEVELOPMENT STAFF REPORT
CITY OF BLOOMINGTON COMMON COUNCIL
SEPTEMBER 26, 2005**

Resolution 05-19: To Approve Application and Authorize Grant from the Business Investment Incentive Loan Fund (Middle Way House, Inc.)

The Business Investment Incentive Loan Fund (BIILF) is a revolving loan fund created by the City of Bloomington to provide low interest loans to eligible businesses committed to improving the economic vitality of our community. With certain exceptions, loan proceeds can be used for capital improvement projects and the purchase of eligible equipment.

Also, the Fund may be used to make matching grants to not-for-profit organizations to encourage capital improvements to facilities owned and/or operated by eligible not-for-profit organizations within the Downtown Development Overlay Opportunity (DDOO) district.

Middle Way House, Inc. (MWH), a 501(c)(3) organization operating within the DDOO, is seeking a \$25,000 grant from the BIILF to make capital improvements to the exterior of its newly acquired facility: the former Coca-Cola Bottling Plant at 318 South Washington Street. On September 23, 2005, the Economic Development Commission adopted Resolution 05-07 approving the grant application.

The BIILF guidelines require the facility to be owned and/or operated by the eligible non-profit. The organization must have a retail or commercial activity as its primary purpose including, but not limited to, performance venues, galleries and retail shops.

In addition to providing shelter (both emergency shelter and longer-term transitional housing) for women and children fleeing violence at home, Middle Way House, through its subsidiary Middleway Enterprises, operates two businesses which will be housed in the new facility.

Middleway Enterprises epitomizes the philosophy that social service agencies are strong contributors to economic development. Its preeminent goal is to provide safe and fairly compensated employment opportunities for battered women re-entering the workforce, offering these survivors job training and safe opportunities for advancement. Profits are reinvested directly into programming, so that more women can be hired and trained in the two businesses, Confidential Document Destruction (CDD) and Middleway Food Works (MFW). Currently, CDD employs four survivors of domestic violence and MFW employs 16.

The eight-year-old Confidential Document Destruction provides secure records scanning and environmentally friendly paper destruction methods to more than 250 businesses in the region. MWH expects to increase CDD revenues by more than two fold over the next three years, from \$140,000 in 2004 to \$300,000 by year-end 2007.

The three-year-old Middleway Food Works provides healthful meals for Bloomington day care centers and senior nutrition programs. The business provides 1,500 meals daily, and also offers an event catering service. MFW earned \$521,391 in 2004, and with planned expanded services and creative word-of-mouth marketing, is expected to double its contracts and revenues over the next five years, and to build an astounding staff of 100 over the next decade.

Loans or grants to eligible businesses within the DDOO may be applied to qualified capital improvement costs associated with a qualified project including land acquisition; construction, expansion, or renovation of buildings; purchase of equipment; facade improvements; or infrastructure improvements. In evaluating the strength of the grant application, the project's overall projected impact to the economic vitality of downtown is considered, among other criteria.

Bolstered by a grant from the BIILF, MWH will restore the façade and masonry of the building, which is listed on the National Register of Historic Places and has been a Bloomington landmark since 1924. The project will include restoration of three sections of brick and limestone that are missing because they have fallen or have been removed for pedestrian safety. The reinstallation of the historic limestone tablet of the Coca-Cola insignia is also a prominent part of the project.

The planned capital investments in the Coca-Cola building will allow MWH to recapture the building's historic charm, while endowing it with the modern purpose of creating a haven for families in crisis and a center for the empowerment and employment of women. Middleway Enterprises will move its headquarters to the building once all renovations are complete. The venture's two businesses, Middleway Food Works and Confidential Document Destruction, will operate from the rehabilitated facility, allowing for expanded services as well as building additional capacity for job growth. CDD has operated from the new facility since May 31. Finally, Middle Way House itself will move its program and administrative offices there – tripling the capacity of its emergency and supportive services for victims of domestic violence and sexual assault.

The maximum matching grant is 50% of total qualified project costs, with a maximum of \$25,000. An eligible non-profit can only receive one grant disbursement every 5 years. An eligible organization cannot receive both a loan and a grant.

While MWH will be investing an estimated total of \$4 million in restoring and renovating their new facility, the cost for this particular phase of façade renovation, for which they are seeking the grant, is estimated at \$75,000. A City-approved \$21,000 Community Development Block Grant and community donations will make up the balance of funds needed, and provide the match for the BIILF grant. MWH has not received a BIILF loan or grant in the past five years.

Funding approved under the Business Investment Incentive Loan Fund

Borrower	Date	Purpose	Loan Amount	Grant Amount	Project Cost	Balance
Lotus Education and Arts Foundation	August-03	Capital and equipment acquisitions	\$22,750		\$45,500	\$0
The Indiana Theatre	December-00	Meet debt service obligations	\$100,000		\$100,000	\$0
Nick's	October-00	Business Disruption	\$35,000		\$35,000	\$0
Cha Cha	October-00	Business Disruption	\$35,000		\$35,000	\$19,970
McDonald's	October-00	Business Disruption	\$35,000		\$35,000	\$0
B & L Sheet Metal & Roofing	February-00	Capital acquisition	\$100,000		\$750,000	\$0
Bloomington Area Arts Council	September-99	Façade improvements		\$25,000	\$49,990	NA
Kay Pee Pharmaceutical	October-97	Capital acquisition, Construction	\$100,000		\$656,000	\$0
Monroe County United Ministries	March-96	Construction	\$100,000		\$750,000	\$0
Bloomington Day Care Corp.	April-92	Construction/Renovation	\$100,000		\$135,000	\$0
Bloomington Area Arts Council	August-05	Construction/Renovation		\$12,550	\$60,000	NA
Total Outstanding						\$19,970

Funds available in the Business Investment Incentive Loan Fund

Total Balance	\$686,315
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Business Investment Incentive Fund Application

- A. Name: Middleway Enterprises
- B. Applicant: Middle Way House, Inc.
- C. Address: PO Box 95, Bloomington, IN 47402
- D. Phone: 812.333.7404
- E. Email: c/o Cynthia Brubaker: cb@kdsarchitects.com
- F. Management: N/A
- G. Equity Ownership: Middle-Way House, Inc.
- H. Loan Information: Non-profit grant request
1. *Purpose:* Middle Way House requests financial assistance from the City of Bloomington to restore the façade and masonry of the former Coca-Cola Bottling Plant at 318 South Washington Street.
 2. *Total Project Cost:* \$75,000
 3. *Business Investment Incentive Fund Request:* \$25,000 *grant*
 4. *Source of Repayment (if a loan): (List any collateral, accounts receivable, guarantees, etc.):* N/A
- I. *Personal Financial Information: (Complete attached Personal Information form for each owner or partner of business).* N/A
- J. *Business Plan: (Submit a complete business plan with corporate financial statements. See attached outline.)* See attached.

BLOOMINGTON, INDIANA
OFFICE OF THE MAYOR

AUG 09 2005

RECEIVED

City of Bloomington
Business Investment Incentive Fund
Business Plan: Middleway Enterprises
August 1, 2005

I. Summary

I. A. Business Description

I.A.1. Name of organization:

Middleway Enterprises (ME) is an innovative economic development initiative implemented by Middle Way House to provide the agency's participants with employment options. Specifically, Confidential Document Destruction (CDD), a paper shredding and baling operation, and Middleway Food Works (MFW), a catering business, offer survivors of domestic violence job training and an opportunity to safely re-enter the workforce.

I.A.2. Location and Facility Description:

Confidential Document Destruction

On May 31st, CDD became the first of Middle Way House's (MWH) programs to occupy the organization's newly acquired facility: the historic Coca-Cola bottling building on S. Washington Street.

The Washington Street facility, which will eventually become Middle Way House's headquarters, is nearly 5 times the size of the agency's present Kirkwood Avenue location. The facility has three major components, including: an older, 12,665 square foot, two-story brick building with limestone trim; a one story brick addition on the South wall of the original brick structure; and two metal warehouse additions that, combined, constitute nearly 11,000 square feet of space.

The address of this building, in which CDD operates, is as follows:

318 S. Washington Street
Bloomington, IN 47401

Middleway Food Works

Food Works currently operates two kitchens in Monroe County. After the Coca-Cola bottling building is renovated, Food Works will relocate its business to the Washington Street facility.

Middleway Food Works prepares meals in the kitchens of the following buildings:

Children's Village
2431 N. Smith Pike
Bloomington, IN 47404

First United Methodist Church
219 East Fourth Street
Bloomington, IN 47408

I.A.3. Products:

Confidential Document Destruction provides secure records scanning and paper shredding to businesses in Bloomington, Monroe County and surrounding counties. CDD bales shredded paper and cardboard and sells it for re-cycling.

Middleway Food Works (FW) serves 1,500 healthful meals daily for Bloomington day care centers and senior nutrition programs. In addition, FW caters one-time events and prepares baked goods to take out.

Business Investment Incentive Fund

I.A.4. Market and Competition:

Secure Document Destruction

Secure document destruction is a core industry that supports local businesses. Increasingly, organizations must guarantee the confidentiality of customer information and corporate trade secrets; thus, secure shredding of medical files, personnel data, and confidential material is paramount. Document destruction, then, is a strong, growing industry. Middleway Enterprises competes with six other information destruction agencies.

Catering

The catering market is thriving in Bloomington. Beyond food preparation for typical special events (weddings, funerals, etc.), Monroe County's largest organization—Indiana University—provides numerous opportunities for single-event catering; approximately thirty businesses compete in the local market. Middleway Enterprises holds the largest share of the contract-catering market, providing nearly 1,500 meals daily to Head Start, Area 10, and other social service programs.

I.A.5. Management Expertise:

Executive Director

Toby Strout has directed Middle Way House for 18 years, over-seeing its expansion into housing and business development and extension of its services, including comprehensive programs for children and youth, legal advocacy, and county-based satellite offices. Her PhD in Education, which she earned at Indiana University (IU), centered upon leadership training for women workers. Prior to working for Middle Way House, Dr. Strout was a Project Director with the Audio-Visual Center at IU. She has consulted with the International Women's Tribune Center and the Center on Public Sector Labor Relations and managed the National Inservice Network, a Bureau of Education for the Handicapped-sponsored project.

Economic Development Program Director

Charlotte Zietlow began working with Middle Way House in 1995, and now oversees the business activities associated with Middleway Enterprises (ME). She is a life-long entrepreneur, with extensive experiences preparing her for this role. She served Bloomington as an elected official (City Councilor, County Commissioner), co-founded and managed Goods, Inc. for 15 years, led the United Way of Monroe County, and has served as a Trustee of Indiana State University for sixteen years. Furthermore, she holds a PhD in linguistics from the University of Michigan. Dr. Zietlow spearheaded the Bloomington Area Microenterprise Initiative (now SeedCorp), and continues to teach part of its twelve-week course on small business development.

Economic Development Consultant

Bobbie Summers manages Confidential Document Destruction and serves as a job coach to Middleway Enterprises' employees. Before joining Middle Way House's staff full-time in 2000, Ms. Summers managed Hoosier Courts Cooperative Nursery throughout the 90s which, under her direction, became a profitable enterprise. She worked for Area 10 Agency on Aging, publicizing its services and generating support for its activities. Ms. Summers also worked for six years with the Bloomington Developmental Learning Center, where she served as a program director.

I. B. Business Goals

Middleway Enterprises' (ME) preeminent goal is to provide safe and fairly remunerated employment opportunities for battered women re-entering the work force. ME's programs train women in basic job skills, preparing them for employment in ME's ventures and other Bloomington businesses. Middleway Enterprises also values personal and professional growth, providing opportunities for employee advancement within its business activities.

Business Investment Incentive Fund

ME’s principal objective is to achieve its humanitarian agenda; Middleway Enterprises is *not* a profit-generating entity for Middle Way House. In fact, when ME’s revenues exceed its expenditures, profits are reinvested into its program, so that more women can be employed and ME’s social initiative advanced. The economic goal of ME’s business activities is self-sufficiency.

Confidential Document Destruction strives to model effective “green” business practices. The program is an eco-friendly operation, employing—when appropriate—soy diesel, fuel-efficient batteries, and recycling techniques. CDD has so far diverted 1500 tons of paper from the county landfill. In the next few years, the program hopes to grow its revenues to \$300,000—more than twice the program’s current yield—allowing the program to double its staff; some of this growth will come from scanning services.

Middleway Food Works seeks to provide healthful meals to Bloomington’s disadvantaged citizens. In particular, MFW is dedicated to food preparation for Monroe County’s Area 10, Children’s Village, and Head Start programs. The business’ employees and food contracts have multiplied in the last few years; the program strives to repeat this success in the next two years by growing its presence within the single-event catering market and mass manufacture of select food items. Over the next decade, Food Works hopes to grow five fold, employing 100 domestic violence survivors as MFW cooks and supervisors. MFW also plans to renew its take-home meal program once established at Middle Way House’s Washington Street facility.

I. C. Summary of Financial Needs & Application of Funds

The Coca-Cola building, shown in Figure 1, has been a Bloomington landmark since 1924; originally affiliated with Coca-Cola bottling, Middle Way House’s newly acquired Washington Street location is listed on the National Register of Historic Places. MWH is excited to renovate this abandoned property, recapturing its historic charm while endowing the building with a modern purpose: creating a haven for families in crisis and a center for empowerment.



Figure 1: The Historic Washington Street Coca-Cola Building (1938)

Business Investment Incentive Fund

When renovated, the Washington Street location will become Middle Way House's headquarters. The agency's shelter services will relocate to this facility, tripling the capacity of its emergency and supportive services for victims of domestic violence and sexual assault. Furthermore, Middle Way House and Middleway Enterprises will establish their administrative offices in the Coca-Cola building. Confidential Document Destruction, which moved into the facility on May 31st, is the first Middle Way House program to occupy the building. Middleway Food Works will make a permanent home at the Coca-Cola building when the second phase of the property's renovation is complete. At least one of Middleway Enterprises' business activities will perpetually exist at the Washington Street location.

Middle Way House requests financial assistance from the City of Bloomington to restore the façade and masonry of the Coca-Cola building. On the exterior of the historic brick structure, three sections of the building's brick and limestone are missing because these pieces have fallen or were removed to ensure pedestrian safety; in particular, one of the crumbling sections at the front of the building is the original site of the historic Coca-Cola limestone tablet. With the City's aid, Middle Way House will restore these dilapidated sections and re-hang the Coca-Cola insignia.

The proposed renovations to the façade of the Washington Street building must occur before the Middle Way House staff and second ME program can occupy the facility. The masonry restoration will cost approximately \$75,000. Already, Middle Way House has been approved by the City of Bloomington for a \$21,000 Community Development Block Grant (CDBG) to defray some of these renovation costs. Middle Way House requests a \$25,000 grant from the City of Bloomington's Mayor's Business Investment Incentive Fund to underwrite the masonry restoration costs. We have received donations from community members that can be used to match these grants to achieve a \$75,000 budget for this phase of work to the building.

I. D. Earnings, Projections, & Potential Return to Investors

Middleway Enterprises (ME) is quickly growing into a formidable business generator. In fact, both Confidential Document Destruction and Middleway Food Works have achieved respectable positions within their respective markets.

CDD earned approximately \$140,000 last year and aims to yield \$300,000 annually within three years; because of the program's high employment and equipment costs, CDD currently runs a slight deficit. Confidential Document Destruction aims to achieve self-sufficiency by increasing its market share of local shredding activity and developing its scanning operation.

In 2004, Middleway Food Works earned \$521,931; subtracting food, rent, transportation, insurance, and salary expenditures, MFW almost broke even. MFW expects that its impressive growth rate—bolstered by a creative marketing campaign and expanded services—will continue in the near term; the enterprise's modest five year projections indicate that the business will double its contracts and revenues within the next five years.

II. Market Analysis

II. A. Description of Total Market

Document Destruction

Last year, the secure information destruction industry generated approximately \$1 billion in revenues¹. Recent industry growth has been attributed to expanding federal privacy laws, particularly relating to consumer protection and medical privacy. Nineteen businesses operating in Indiana, including CDD, are members of the National Association for Information Destruction (NAID); six of these operate in Bloomington, or are interested in entering the local market.

Business Investment Incentive Fund

Catering

Catering represents a significant segment of the foodservice industry. Fifty-three thousand caterers were known to be operating in 2003, generating \$6-8 billion dollars in sales; seventy-nine percent of these caterers- like Middleway Food Works- specialize in food preparation for off-premises events². In the local yellow pages, there are 29 caterers listed as operating within the Bloomington market.

II. B. Industry Trends/Target Markets

Secure Document Destruction

The need for secure document destruction is growing; specifically, with mounting concerns about identity protection, access to reliable, professional paper shredding has become a priority for small and larger firms, alike. In fact, the primacy of secure document destruction is reflected by the federal government's expanding regulations of confidential material. For instance, new Federal Trade Commission guidelines, effective June 1st, require all companies collecting consumer credit information to destroy these records to protect their customers from identity theft. Because of these and other laws, it is likely that the document destruction market will expand substantially in the near term.

Document scanning is also growing into a profitable industry. Specifically, a market study conducted by PricewaterhouseCoopers, LLC finds that an additional employee is required for every 12 filing cabinets in an organization; furthermore, business professionals report that while they dedicate less than 15% of their time to reviewing paper documents, nearly 50% of the business day is wasted trying to find them³. Thus, public and private enterprises have a powerful need for easily-accessible, electronic information storage.

CDD has grown a thriving business in its eight year history. Confidential Document Destruction serves over 250 customers in Southern Indiana. While most of the organization's business is centered in Bloomington, CDD is committed to establishing a presence in all of the counties that Middle Way House serves, including: Monroe, Owen, Greene, Morgan, Martin, and Lawrence. In addition, contracts are negotiated with agencies in Indianapolis and Marion County. CDD is steadily gaining a foothold within these markets.

Catering & Contract Food Preparation

Single-event catering is a lucrative venture. Specifically, the National Restaurant Association found a 6.3% increase in catering revenues between 1998 and 2001⁴. In Bloomington, because of the regular catering contracts provided by the University, corporate, and philanthropic enterprises, the industry will continue to thrive in the area into the foreseeable future.

There are also substantial long-term contract catering needs within the local market. Head Start, for example, provides important services to marginalized individuals and, consequently, has continual contract-catering needs. Across the country, over 900,000 children participate in Head Start⁵. The Department of Health and Human Services finds that 77% of Head Start families earn less than \$15,000 a year⁶; thus, these families depend upon the nutritious meals provided to their children participating in Head Start's programs. In Bloomington, Head Start serves over 200 families. Ten percent of families in Bloomington already live below the poverty line⁷, a rate higher than the national average, and the need for Head Start and its supportive services is growing.

The Area 10 Agency on Aging assists more than 17,000 elderly individuals in Monroe and Owen counties. The Agency provides a variety of services, including the distribution of hot, healthful meals to elderly individuals- a job that is contracted to Middleway Food Works. The Census Bureau finds that the number of senior citizens in the United States grew by 3 million between 1990 and 2000⁸, and the Center for Disease Control expects that the percent of the population over 65 years of age will grow rapidly from 12.4% in 2000 to nearly 20% in 2030⁹. Thus, as America ages, there will be an increasing demand from seniors and the agencies serving them for healthful, affordable meals.

II. C. Competition

Confidential Document Destruction

In recent months, CDD has witnessed disconcerting market encroachment efforts undertaken by several national shredding companies. Specifically, Global Shred and Shred It!, two firms seeking to establish themselves in the Bloomington market, have called CDD's customers and attempted to discredit Middle Way House in an effort to lure business away from CDD. Fortunately, because of CDD's outstanding record of service, few customers have changed shredding providers.

Still, these aggressive tactics threaten CDD's market hold and viability. As a subsidiary of a local nonprofit, CDD cannot afford the lavish advertising campaigns of international, franchised organizations. CDD is the only shredding company serving the local market which is also headquartered locally. Thus, to keep document destruction dollars from leaving Monroe County at the expense of a Bloomington-based business, CDD seeks the City's help in renovating its new location in the Coca-Cola building on Washington Street.

The following companies are Confidential Document Destruction's principal competitors and/or paper destruction companies seeking to enter the Bloomington market:

Global Shred

Headquartered in Indianapolis, Global Shred provides on-site document destruction to Indiana businesses. Global Shred holds a small share of the Bloomington market.

Indy Shred

Indy Shred is an Indianapolis-based firm whose customers are located primarily within Marion County; however, the organization does provide limited services to companies within the local market. Indy Shred and Global Shred are CDD's only competitors headquartered in Indiana.

Iron Mountain

Iron Mountain is an international organization with headquarters in Boston, MA and branches in 38 States. The company specializes in records management; shredding paper is a secondary business activity. Currently, Iron Mountain serves businesses in Indianapolis, but seeks to enter the Bloomington market.

Recall

Recall is the largest multinational document destruction company in the world. It was founded in Australia, with North American headquarters in Norcross, GA. Currently, Recall is a small actor locally. Previously, CDD was subcontracted by Recall to serve two Indianapolis-based companies.

Shred It!

Shred It! serves companies in Canada and 41 American states. The company is headquartered in Oakville, Ontario. While the organization does not currently provide services to Bloomington businesses, it is aggressively trying to encroach upon CDD's local market share.

Middleway Food Works

Preparing food for Head Start and other children's programs, Area 10, and homebound seniors is not a lucrative business. Of the 29 caterers listed in the yellow pages for Bloomington and Spencer, only one local vendor—Indiana University—actively competes with MFW for these permanent contracts. A second vendor, based in Terre Haute, previously held a niche in the contract catering market, but could not compete with MFW's high-quality, reasonably priced meals.

Business Investment Incentive Fund

Thus, Middleway Food Works provides a needed community service; few market actors choose to compete in this niche because serving at-risk and marginalized individuals is not profitable. Approximately two-thirds of the Bloomingtonians for whom MFW prepares food receive public assistance to subsidize their small incomes; unfortunately—too often—the Middleway Food Works’ meal these individuals enjoy is their only substantial meal of the day. Consequently, few caterers choose to accept the challenge Food Works has taken on: providing healthful meals at a price acceptable to the financially-strapped nonprofits that serve them. Only MFW is able to strike this careful balance between nutrition and economy.

At present, Middleway Food Works is focused upon long-term, contract catering. However, as the enterprise rapidly expands, so does its clientele and services. Increasingly, MFW caters meetings, conferences, and large events around Bloomington; in fact, when the business moves to Middle Way House’s new Washington Street location, Food Works plans to develop a stronger hold on the single-event catering market. Furthermore, once renovations of the Coca-Cola building are complete, Food Works will resume its take-home meal program, which allows busy parents to purchase warm, healthful meal packages for their families, and engage in food product manufacturing on a mass scale. Eventually, the enterprise will open its kitchen to the public, adding to its Washington Street location a community kitchen incubator to support small-scale entrepreneurship among local growers.

More than a quarter of the caterers listed in the Bloomington yellow pages are national or regional chains with headquarters outside of Monroe County; these businesses primarily cater small community events and meetings. However, a broad market analysis finds that the following locally owned organizations provide the most comprehensive types of single-event catering, and, consequently, are Food Works’ principal competitors:

Affairs of the Sun

Affairs of the Sun caters events of all sizes. The business specializes in Mediterranean cuisine, providing upscale meals to conferences, luncheons, and weddings. Affairs of the Sun holds a substantial share of the Bloomington catering market.

Indiana University: Ambrosia and Memorial Union Catering Services

Ambrosia and the IMU specialize in food preparation for luncheons, meetings, and picnics. They have a strong hold upon the University market, as their prime location creates comparative advantage. The IMU also offers special event catering for parties using the Tudor Room and other “in house” venues.

One World Enterprises

One World Enterprises, a conglomerate of local restaurants, has a strong hold on the market. Specifically, Bloomington Brewing Company, Lennie’s, and the five local Pizza Express retailers are popular establishments operated by One World Enterprises. Though Enterprises specializes in eat-in dining, the organization is also an important actor in the single-event catering market and a competitor of Food Works.

Tina’s Cuisine & Catering

Tina’s specializes in box lunches for meetings and conferences, though the organization also caters luncheons and dinners. Tina’s also holds a small share of the wedding and special events market.

III. Products & Services

III. A. Description of Product Line and Services

Middleway Enterprises was established in 2003 as a social venture with multiple purposes and products. Specifically, the goal of this economic development initiative is to foster the values and mission of its parent organization—Middle Way House—while delivering superior goods and professional services to

Business Investment Incentive Fund

the residents of Bloomington, Indiana. Confidential Document Destruction (CDD) and Middleway Food Works (MFW) are two of ME's economic development programs which serve the community and create employment opportunities for survivors of domestic violence.

Consumable Goods:

CDD serves the Bloomington community by employing environmentally-friendly methods to destroy files and paper products containing sensitive material. Upon request, CDD will collect and transport from local businesses documents intended for destruction. Documents are destroyed by shredding and then the shredded paper is baled for recycling.

MFW is a catering service that provides nutritious meals for childcare centers, senior nutrition programs, and special occasions. Contracted to regularly serve meals at nine sites, MFW prepares over 1,500 healthful meals daily.

Intangible Outcomes

While document destruction and food preparation are the quantifiable goods generated by Middleway Enterprises, women's empowerment is an equally important outcome of CDD's and MFW's services. Specifically, these business activities create a means for domestic violence survivors to establish financial independence from their abusers.

In fact, domestic violence includes more than just physical abuse; withholding funds and denying their partners any knowledge of and control over financial resources are powerful mechanisms that abusers frequently use to humiliate and control their partners. One study of women in domestic violence shelters finds that abusers seldom support their partners' employment and, more often, prohibit them from working in any capacity¹⁰. Battered women at Middle Way House repeatedly report that their abusers intentionally limit their access to capital in an effort to control their actions and impair their ability to leave the abusive relationship.

Abuse severely hampers a woman's ability to sustain employment. Fifty-six percent of women seeking services from one domestic violence agency attributed the loss of one or more jobs to abuse, and 54% missed an average of three days of work per month because of domestic violence¹¹. A similar survey of women residing in shelters for battered individuals finds that participants' work performances are seriously compromised by absenteeism and truancy caused by physical abuse¹². Similarly, a 1997 national study finds that 24% of 18-65 year old women in violent relationships had been late to a job or missed a day of work because of abuse¹³.

Employment within Middleway Enterprises is particularly important for women in the process of *ending* a violent relationship. The most dangerous period in an abusive relationship occurs during the two years *following* a woman's decision to leave her partner¹⁴. During this period, an abuser recognizes that his control is rapidly declining, which enflames his aggression. Thus, employment is particularly precarious for domestic violence survivors during this uncertain time; unfortunately, more than one million American women are stalked at their jobs each year, resulting in a quarter of them missing a day or more of work¹⁵; furthermore, 74% of working women in abusive relationships report being harassed by their partner at their place of employment¹⁶. One of Middleway Enterprises' most important products, then, is safety. The staffs of CDD and MFW are trained in crisis management and the Washington Street facility in which these businesses will operate will need to be appropriately secure.

Women in violent relationships have special employment needs. Many of these women are returning to the workforce after an extended absence from the formal economy; Middleway Enterprises provides extensive, necessary job training to prepare these individuals for work within ME and other Bloomington businesses. Without work programs like Middleway Enterprises, women in abusive relationships have limited options: they may either leave their abuser—and financial security—to depend upon public

Business Investment Incentive Fund

assistance, or they must remain in a dangerous situation, at peril to themselves and their children. Therefore, Middleway Enterprises' most important good is choice; ME's business activities create a viable, safe alternative for families in crisis.

III. B. Proprietary Position: Patents, Copyrights, & Legal/Technical Considerations

Not applicable

III. C. Comparison of Competitors' Products & Services

Confidential Document Destruction

Confidential Document Destruction offers, on average, competitive pricing for paper shredding to local businesses: for smaller contracts, CDD is very competitive; for larger contracts, CDD is slightly higher in pricing. The added benefit to customers, beyond quality service and competitive pricing, comes from the knowledge that they are supporting a local business and a social enterprise that returns benefits to the business incentive district in which it is located as well as the larger community.

Middleway Food Works

Middleway Food Works offers the best quality for long-term catering contracts in Monroe County. The organization's prices for long-term and single-event catering are on a par with other local vendors.

IV. Manufacturing Process

IV. A. Materials

CDD's materials are provided by its customers: local businesses contract with CDD for collection and destruction of their confidential documents. The organization uses a shredder, baler, two trucks, and several computers to complete its work.

Food Works uses the freshest ingredients available in its meal preparations. Because MFW is dedicated to creating healthful meals for children and the elderly, the organization uses ingredients low in sodium, sugar, and fat. Eventually, Food Works hopes to purchase all of its fruits and vegetables from local growers. However, because of the business' need for a steady, dependable supply of ingredients, at present this is not possible. Its long-term goal is to help farmers from South Central Indiana organize a cooperative that will supply local restaurants and caterers with quality products.

IV. B. Source of Supply

CDD makes bales of paper from shredded documents collected from approximately 250 businesses in Monroe County and the surrounding areas.

Middleway Food Works buys its ingredients from local vendors when possible. Specifically, the business contracts with Beasley Foods and Sims Poultry of Bloomington, Piazza Produce of Indianapolis, and local stores. Additionally, Food Works buys from Gordon Food Service of Grand Rapids.

IV. C. Production Methods

When requested, Confidential Document Destruction will pick up materials for scanning or shredding from its customers; for this service, CDD employees use one of the business' two hi-fi vehicles. Collected materials are destroyed using an industrial-size shredder and made into paper bales; the bi-products of this service- when possible- are recycled. Documents intended for digital imaging are scanned onto a secure CDD computer; the original paper products are subsequently shredded.

All of Middleway Food Works' contracted meals are prepared in accordance with the standards established by the United States Department of Agriculture (USDA) Title IIIC and Child & Adult Care Food Program (CACFP) and the Indiana State Department of Health (ISDH). Hot meals are packaged in

Business Investment Incentive Fund

stainless steel pans, sealed first with plastic film and aluminum foil and then placed in Cambro containers; in compliance with regulations established by the Indiana Family & Social Services Administration (FSSA), these meals must be served at 140 degrees Fahrenheit. When cold meals are prepared, they are transported in plastic containers, which are loaded into insulated containers filled with ice to maintain temperatures at or below 41 Fahrenheit. Middleway Food Works maintains and operates the required fleet of vehicles for delivery of its food products.

V. Marketing Strategy

V. A. Overall Strategy

Because Middleway Enterprises is a program of a nonprofit organization, the venture does not dedicate funds to marketing; in fact, Confidential Document Destruction and Middleway Food Works depend primarily upon word-of-mouth advertising to sell their services. Though this strategy may not seem aggressive, it is certainly effective; for example, because of its exceptional reputation in the community, Food Works has doubled its contracts over the last two years. Both businesses have benefited from news stories in local and regional papers.

MFW also participates in open bidding processes to win its long-term catering contracts. Periodically, CDD seeks business through phone solicitation.

V. B. Pricing Policy/Sales Terms

Middleway Enterprises is dedicated to offering its services at rates on par with local competitors, despite the venture’s high costs and the large workforce; ME is able to price services and products competitively its high-quality because the aim of the enterprise is employment rather than profit.

V. C. Methods of Selling, Distributing, and Servicing Products

Not applicable.

VI. Management Plan

VI. A. Form of Business Organization

Like each of Middle Way House’s programs, Middleway Enterprises emphasizes participant ownership and a flat organizational model; decision-making involves individuals from all levels of the program, empowering employees and preparing participants for the challenges of business management.

Middleway Enterprises’ business activities are accountable to Middle Way House’s Executive Director and Board of Directors. Charlotte Zietlow, the Economic Development Coordinator, directly oversees Middleway Enterprises.

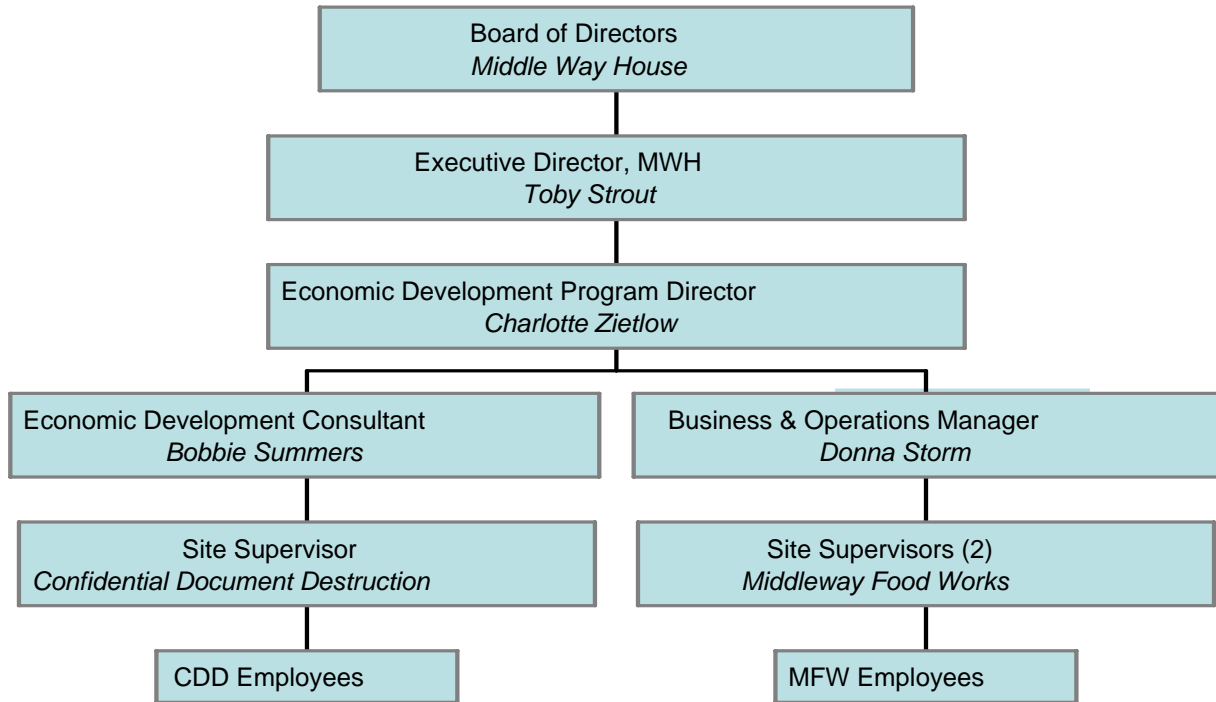
VI. B. Board of Directors

The following individuals serve on Middle Way House’s Board of Directors:

Board of Directors Middle Way House 2005			
Campbell, Duncan	Houston, Cindy	Perin, Sue	Thomas, Julie
Davidson, Pam	Lyons, Al	Pizzini, Nigel	Trevino, Yolanda
Elftman, Mary	Maki, Judith	Robinson, Jean	Ziegler, Carl
Enck-Wanzer, Suzanne	Metzger, Virginia	Stewart, Jamie	

VI. C. Organization Chart and Responsibilities

Middleway Enterprises



Responsibilities of Middleway Enterprises' Key Employees

Economic Development Program Director, Charlotte Zietlow

Ms. Zietlow is responsible for developing initiatives that will promote economic development among women in the six counties which Middle Way House serves. She is a liaison to the Bloomington community, facilitating workshops on business development and spearheading the Bloomington Microenterprise Initiative. She also leads Middle Way House's social enterprises; in this capacity, she directs Middleway Food Works and advises Middle Way House's Economic Development Consultant and the Confidential Document Destruction program.

Economic Development Consultant, Bobbie Summers

Ms. Summers manages Confidential Document Destruction, supervising its staff and soliciting corporate clients for the program. Additionally, she facilitates professional development programs for Middleway Enterprises' employees and the residents of Middle Way House's transitional housing facility, the Rise!.

Business and Operations Manager, Middleway Food Works, Donna Storm

For Middleway Food Works, Ms. Storm directs the program's kitchen supervisors, manages MFW's contracts, oversees operations at sites, seeks new clients, and develops avenues for Food Works' growth. The manager is responsible for cost containment and quality control. Ms. Storm divides her time between Middle Way House's headquarters and Food Works' kitchens.

Site Supervisor, Confidential Document Destruction

CDD's site supervisor manages the daily operations of the program, overseeing the work of CDD's employees and coordinating site pick-ups, document shredding, and paper baling.

Business Investment Incentive Fund

Site Supervisor, Middleway Food Works (2)

The site supervisors for Middleway Food Works direct the daily preparation of 1,500 meals. Supervisors are responsible for getting contract meals out on time, at the right temperature, and consistent with nutrition guidelines promulgated at the state and federal level. The kitchen supervisors also create new recipes and menus for the catering service. They are responsible for direct management of personnel.

Secure Document Destruction Specialist, Confidential Document Destruction

CDD's four specialists are responsible for shredding documents obtained from local businesses and creating recyclable paper bales from the shredding bi-products. CDD's employees drive the program's trucks to pick up confidential documents and/or shred documents on site. One specialist is employed as a scanner.

Cook, Middleway Food Works

The fourteen women employed in Food Works' kitchens are responsible for preparation of approximately 1,500 meals daily. MFW's cooks deliver prepared meals to the nine sites that contract with Food Works. They also prepare food for single events and product sale.

VI. D. Resumes of Key Personnel

Please see attached documents.

VI. E. Staffing Plan/Number of Employees

Middleway Enterprises has a unique staffing plan: when one of its business activities yields enough money to fund an additional staff member, another individual is hired. The principal goal of ME is to employ battered women re-entering the workforce; therefore, any profits are slated for reinvestment into the business to continually fund staff hiring and training.

Confidential Document Destruction employs four survivors of domestic violence in its operation. Three women serve as secure document destruction specialists, and one woman acts as a site supervisor and document scanner. In the next few years, the business hopes to double its yield so that it can double its staff.

Middleway Food Works currently employs sixteen Middle Way House participants seeking financial stability and self-sufficiency. Two women supervise Middleway Food Works' kitchens, and fourteen women work as cooks. The organization is enthused by the tremendous growth it has experienced over its three year history and plans to channel this upward momentum into greater expansion; in fact, MFW strives to grow to a formidable 100 person staff over the next decade. In the near term, Food Works plans to double in two years.

VI. F. Facilities Plan/Planned Capital Improvements

The Coca-Cola building will require extensive renovations before Middle Way House is able to relocate its administrative headquarters and shelter services to the facility. The interior of the main brick building must be remodeled and brought up to current building and accessibility codes. Furthermore, the warehouse extensions will need to be replaced with new construction to safely house families in crisis.

The facility's multi-phase renovation will cost nearly \$4 million. The Phase I projects for which Middle Way House is seeking financial assistance from the City will restore the façade of and stabilize the existing brick buildings on the Washington Street property. The approximately 1.3 million dollars needed to fund Phase II of the project will rehabilitate the historic Coca-Cola building's interior and renovate the facility's one story brick extension. Phase III, which will include multiple-story construction in place of the two metal warehouses on the property, will require more than \$1.5 million to complete. The entire project will not be completed for at least two years because such a monumental project requires a protracted capital campaign.

Business Investment Incentive Fund

In the near term, the façade of the historic brick Coca-Cola building must be restored. Already, Confidential Document Destruction operates in this facility; in order for Middle Way House's other programs—including Middleway Food Works—to be able to establish themselves at the Washington Street building, three sections of the facility's dilapidated brick and limestone exterior must be repaired and stabilized. Middle Way House is requesting \$25,000 from the City of Bloomington to support this project.

VI. G. Operating Plan/Schedule of Upcoming Work for Next One to Two Years

Nearly 250 businesses contract with Confidential Document Destruction for secure shredding of sensitive material. CDD expects to renew these contracts and expand its market share by growing its scanning business.

Middleway Food Works already has meal contracts secured for the next three years. Specifically, MFW is contracted to provide meals to Area 10 Agency on Aging through 2008. Food Works' other long-term contracts, including Head Start, are renegotiated annually. Because of its exceptional service record, Middleway Food Works anticipates winning these contracts again in 2006 and 2007.

VII. Financial Data

VII. A. Financial History (Three Years to Present)

Please see attached.

VII. B. Three Year Financial Projections (first year by months; remaining years quarterly)

- 1. Profit/Loss Statement and Balance Sheet**
- 2. Cash Flow Chart**
- 3. Capital Expenditure Estimates**

Please see attached.

VII. C. Explanation of Projections

Middleway Enterprises will grow substantially in the near term. Specifically, both Confidential Document Destruction and Middleway Food Works are expected to double their profits and employees over the next three years.

Confidential Document Destruction

When Confidential Document Destruction occupied the Washington Street facility on May 31st, the business' client base immediately began to expand. By locating downtown, CDD is experiencing higher volumes of walk-in traffic and increased interest in its services. Furthermore, because Middle Way House owns the Coca-Cola building in which the business now operates, CDD's rent expenses have significantly declined this quarter and will remain low until the third quarter of 2006, when CDD plans to relocate to another facility. In fact, when Phase II of the Coca-Cola building's renovation is complete, CDD will need to operate elsewhere to allow Middleway Food Works to permanently occupy the commercial space within the facility. Thus, CDD's expenditures will temporarily increase during the second half of 2006 due to expenses incurred while moving.

In the near term, CDD predicts that its document destroying contracts will increase as a result of new federal legislation regulating the storage of sensitive information. Recently, the *Herald Times* featured the business' services in a cover-story detailing the expansive impact of the Fair and Accurate Credit Transactions Act, which took effect on June 1st and impacts all businesses collecting consumer information¹⁷.

Business Investment Incentive Fund

In 2002, Confidential Document Destruction added document scanning to the types of services it offers the community. As organizations and their clients strive to create a “paperless office”, they increasingly prefer to access documents and materials electronically; in fact, the Enterprise Content Management Association (ECM), the nonprofit agency dedicated to tracking document use within businesses, finds that two-thirds of organizations use scanned documents to exchange financial statements with their customers and suppliers, and half include scanned materials when filing official documents with government agencies¹⁸. John Mancini, President of ECM, sums, “... scanning and processing of documents within business and government has now become a critical building block for organizational processes”¹⁹. Thus, document scanning will be the primary catalyst for CDD’s growth.

Already, CDD has generated larger profits because of its new scanning operation. The enterprise is contracted to digitize the confidential material of several large businesses in the local area, including Stone Belt Arc. CDD predicts that as knowledge of its scanning services spreads throughout the community, its scanning contracts will grow substantially. As a consequence, Confidential Document Destruction expects small losses in the third and fourth quarters of 2006, when the organization will purchase additional scanning equipment to support its information digitizing endeavors; document scanning—an involved process requiring significant attention and personnel—will be the principal impetus for CDD’s growth over the next three years.

Middleway Food Works

Middleway Food Works also anticipates significant growth in the next few years. During the third and fourth quarters of 2005, Food Works will increase its share of the single-event catering market and, consequently, increase its profits so that the business will “break even” for the year.

In 2006, Middleway Food Works will begin manufacturing gourmet crackers and cookies that will be sold first within the local market and then distributed nationally; already, the organization is product testing these goods. Several national grocers and coffee vendors—including Dean & DeLuca—have expressed interest in selling Food Works’ products when they are ready for market. During the first two quarters of 2006, MFW expects substantial losses because of the significant capital expenditures related to the purchase of manufacturing equipment and employment of additional individuals. However, when Food Works’ products enter the market in the Fall of 2006, the organization expects to recoup the losses it incurred earlier in the year. In 2007, MFW anticipates that its line of manufactured goods will become self-sufficient and profitable.

Finally, Food Works will increase its profits in 2006 and 2007 when the enterprise resumes its take-home meal program at the renovated Washington Street facility. The Institute for Food Technologists (IFT), a nonprofit association for food production specialists, recently identified 10 trends among consumers; in particular, Americans increasingly desire pre-packaged comfort foods requiring little preparation, meals made with healthful ingredients and little fat or sodium, and “drive-and-go” dinners that may be purchased from full-service restaurants²⁰. Thus, a market already exists for Food Works’ take-home meal program—which allows busy parents to bring boxed, healthful meals home to their families. In the long-term, this novel endeavor will increase MFW’s profits and grow its staff; however, the organization anticipates limited near-term losses attributed to necessary start-up expenditures.

¹ Kanaley, Reid. “Service Shreds Away Privacy Concerns,” *Philadelphia Inquirer*, May 18, 2004.

² Catersource.com www.catersource.com/statistics retrieved 06/21/2005.

³ “Document Scanning in the Office: The Quest for Improved Productivity through Managed Organization, Sharing, and Protection of Paper-Based Information,” *Scanner White Paper*. Fujitsu: 2003.

⁴ Catersource.com.

⁵ “Head Start Program Fact Sheet”, Head Start Bureau, Administration for Children & Families, Department of Health and Human Services. Retrieved at <http://www.acf.hhs.gov/programs/hsb/research/2005.htm> on 06/23/2005.

⁶ “2002 Head Start Fact Sheet”, Head Start Bureau, Administration for Children & Families, Department of Health and Human Services. Retrieved at http://www.acf.hhs.gov/programs/hsb/research/factsheets/02_hsf.htm on 06/23/2005.

⁷ United States Census Bureau, “Fact Sheet, 2000: Bloomington, IN”, Retrieved at www.census.gov on 06/23/2005.

⁸ Gist, Yvonne and Lisa Hetzel, “We the People: Aging in the United States,” *2000 Census Bureau Special Report*, issued December 2004.

⁹ Center for Disease Control, “Public Health and Aging: Trends in Aging in the United States and Worldwide”, posted 02/14/03 at <http://www.acf.hhs.gov/programs/hsb/research/2005.htm>. Retrieved 06/23/2005.

¹⁰ Riger, S., Ahrens, C., Blickenstaff, A. & Camacho, J. (1998). *Obstacles to Employment of Welfare Recipients with Abusive Partners*. Chicago: University of Illinois, Women’s Study Program.

¹¹ Friedman, L. & Couper, S. (1987). *The Cost of Domestic Violence: A Preliminary Investigation of the Financial Cost of Domestic Violence*. New York: Victim Services Agency. New York: Victim Services.

¹² Shepard, M., & Pence, E. (1988). The Effect of Battering on the Employment Status of Women. *Affilia*, 3 (2), 55-61.

¹³ *The Many Faces of Domestic Violence and Its Impact on the Workplace*. (1997). EDK Associates. New York, NY. Retrieved at www.endabuse.org on 05/25/2005.

¹⁴ Dawson, R. and R Gartner, “Difference in the Characteristics of Intimate Femicide: The Role of Relationship State and Relationship Status”. *Homicide Studies*, 1998; 2: 378-399.

¹⁵ Tjaden, P. & N. Thoennes. (2000). *Extent, Nature, and Consequences of Violence Against Women: Findings from a National Violence Against Women Survey*. The National Institute of Justice and the Centers for Disease Control and Prevention. Retrieved at www.endabuse.org on 05/25/2005.

¹⁶ *Health Concerns Across a Woman’s Lifespan: 1998 Survey of Women’s Health*. (1999). The Commonwealth Fund. New York, NY. Retrieved at www.endabuse.org on 05/25/2005.

¹⁷ “New Federal Laws Keep Shredding Companies Busy,” *Herald Times*, 06/26/2005, page A1.

¹⁸ “Business and Government End Users Cite Scanning and Imaging and Key Blocks for Organization Progress”, *Business CustomWire*, 04/12/2005.

¹⁹ Ibid.

²⁰ Sloan, Elizabeth A. “Top 10 Global Food Trends,” *Food Technology*, April 2005, Volume 59 (4).

Coca-Cola Building
 318 South Washington Street
 Capital Expenditure Estimates
 7/29/2005

Phases	Begin Date	End Date	Cost	% of Total	Proposed Use
1 Acquisition					
Earnest money deposit			5,000		Confidential Document Destruction
Cash at purchase			264,000		
Insurance premium			6,858		
	4/28/2005	4/28/2005	275,858	8%	
Stabilization and maintenance					
Masonry Façade			75,000		
Roof, Structural, Doors, Windows, etc.			275,000		
Soft costs		15%	52,500		
Contingency		10%	40,250		
	4/28/2005	12/31/2005	442,750	13%	
Acquisition-repay HLF1 loan			50,000		
	4/28/2005	12/21/2005	50,000	1%	
Total Phase 1 Costs			768,608		
2 Brick building rehabilitation					
First floor			543,106		Food Works Kitchen Women's Business Center Child Care
Second floor			543,106		
One-story brick			306,973		
Sub-total rehabilitation (less stabilization)			950,435		
Soft costs		15%	142,565		
Contingency		10%	109,300		
	7/1/2006	3/1/2007	1,202,300	34%	
Total Phase 2 Costs			1,202,300		
3 New construction			1,207,910		Admin/Programs/Shelter
Soft costs		15%	181,187		
Contingency		10%	138,910		
	6/1/2007	1/1/2008	1,528,006	44%	
Total Phase 3 Costs			1,528,006		
Total project	4/28/2005	1/1/2008	3,498,914	100%	

City of Bloomington
Business Investment Incentive Fund
Middle Way House, Inc. for Middleway Enterprises
August 24, 2005

Summary of Financial Sources:

City of Bloomington, Business Investment Incentive Fund request	25,000
City of Bloomington, Community Development Block Grant (CDBG)	21,000
Private Family Foundation (by Dec 2005)	50,000
United Way Excess Reserves Fund	12,500
Individual Contributions (by Dec 2005)	90,000

Total	198,500
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Resolution 05-19

**To Approve Application and Authorize Grant from the
Business Investment Incentive Fund (Middle Way House,
Inc., Petitioner)**

Additional Materials Available in the Council Office

Resumes of Staff

Bobbie Summers, Economic Development Consultant
Donna Storm, Business and Operations Manager, Middle Way Food
Works

Financial Information

- Regarding Confidential Document Destruction Service

Profit and Loss Statements by Class from 2002 – 2004
Balance Sheets from 2002 – 2004

- Regarding Middle Way Food Works Service

Profit and Loss Statements by Class from 2002 – 2004
Balance Sheets from 2002 – 2004

- Regarding Both

Projected Cash Flow Charts for Second Half of 2005 and All of 2006

City of Bloomington



Business Investment Incentive Fund

OFFICE OF THE MAYOR
CITY OF BLOOMINGTON
P.O. BOX 100
BLOOMINGTON, IN 47402
(812).349.3406 PHONE
(812).349.3455 FAX
EMAIL: HADLEYN@CITY.BLOOMINGTON.IN.US
CONTACT: Nathan Hadley
Executive Assistant for Economic Development

I. PROGRAM DESCRIPTION

A. Purpose: The Business Investment Incentive Fund is a revolving loan fund created by the City of Bloomington to provide low interest loans to eligible businesses committed to improving the economic vitality of our community. The City of Bloomington offers this economic development tool to promote the retention, expansion, and attraction of a diverse business base. With certain exceptions, loan proceeds can be used for capital improvement projects and the purchase of eligible equipment.

II. ELIGIBILITY

A. Geographical Limitations: Only businesses within or contiguous to the City of Bloomington's corporate boundaries or within an "Area Intended for Annexation" (AIFA) are eligible to seek assistance from the Business Incentive Loan Fund. The area must be properly zoned and have or plan to have access to adequate infrastructure, including water, sewer, roads, and telecommunications. If the business is located within the AIFA or contiguous to the City's corporate boundary and eligible for annexation, then the applicant (and the property owner, if different) must agree to voluntary annexation. If the applicant is ineligible for annexation at the time the loan is approved, then the property owner must sign and record a waiver of remonstrance against future annexation.

B. Eligible Business Activities and Permissible Use of Funds: As the fund is intended to support and promote a diverse economic base, the following eligible activities have been targeted as the primary beneficiaries of loan proceeds:

1. Business retention, expansion, attraction: Any qualified business under these guidelines demonstrating a commitment to job growth, quality wages and benefits, and the overall economic vitality of the community is eligible to submit a loan application for permissible projects as identified by the guidelines. Eligible businesses range from basic manufacturing to high-tech service firms.

a. Permissible uses of funds: Loan proceeds shall be applied to qualified capital improvement costs associated with a qualified project including land acquisition; construction, expansion, or renovation of buildings; purchase of equipment; or infrastructure improvements.

b. Evaluation criteria: Certain factors shall be considered when evaluating any eligible loan application under this section. These factors shall include, but are not limited to, the following:

- 1.) Strength of business plan or business proposal.
- 2.) Projected new jobs to be created as a result of the project.
- 3.) Overall projected impact on the economic vitality of the community.
- 4.) Use of funds to leverage other sources of capital including venture, conventional, and grant funds.
- 5.) Nature and extent of security/guarantees.
- 6.) Credit history.
- 7.) Expected tax base increases or decreases as a result of the project.
- 8.) Any proposed tax abatements or other city/state sponsored incentives expected to be received for the proposed project.
- 9.) Nature and extent of equity participation by principal owner(s).
- 10.) Compatibility of façade projects and new construction in the Downtown Development Opportunity Overlay (DDOO) district with the historic character of downtown Bloomington. (Projects involving the demolition or removal of structures listed on the Local Historic register, or eligible for listing on the National Historic Register or that are contributing structures listed within a nationally or locally designated historic district will not be considered.)

- c. **Loan amounts:** Applicants seeking loan funds under this section for qualified projects are eligible to borrow funds where the total project cost is a minimum of \$250,000. The maximum loan amount is \$100,000 or 20% of the total project cost, whichever is less.

2. **Businesses within the Downtown Development Opportunity Overlay district:** Any qualified for-profit or not-for-profit business owner and/or commercial property owner located within the City of Bloomington's *Downtown Development Opportunity Overlay (DDOO)* district demonstrating a commitment to the economic vitality of Bloomington's downtown is eligible to submit a loan application for permissible projects as identified by the guidelines.

- a. **Permissible uses of funds:** Loan proceeds shall be applied to qualified capital improvement costs associated with a qualified project including land acquisition; construction, expansion, or renovation of buildings; purchase of equipment; facade improvements; or infrastructure improvements.

- b. **Evaluation criteria:** Certain factors shall be considered when evaluating any eligible loan application under this section. These factors shall include, but are not limited to the following:

- 1.) Strength of business plan or business proposal.

- 2.) Overall projected impact on the economic vitality of the downtown.
 - 3.) Use of funds to leverage other sources of capital including venture, conventional, and grant funds.
 - 4.) Nature and extent of security/guarantees.
 - 5.) Credit history.
 - 6.) Expected tax base increases or decreases as a result of the project.
 - 7.) Any proposed tax abatements or other city/state sponsored incentives expected to be received for the proposed project.
 - 8.) Nature and extent of equity participation by principal owner(s).
 - 9.) If applicant is not owner of property/building then approval of said owner is required.
 - 10.) Compatibility of façade projects and new construction in the Downtown Development Opportunity Overlay (DDOO) district with the historic character of downtown Bloomington. (Projects involving the demolition or removal of structures listed on the Local Historic register, or eligible for listing on the National Historic Register or that are contributing structures listed within a nationally or locally designated historic district will not be considered.)
- c. **Loan amount:** If the business is making an application under this section as a DDOO eligible business, the maximum loan amount is 50% of total project costs at or under \$100,000 and 20% of any remaining project costs over \$100,000 with total loan not to exceed \$100,000.
- d. **Non-profit grant initiative:** To encourage capital improvements to facilities owned and/or operated by eligible non-profit organizations within the DDOO district, eligible organizations may obtain matching grant funds for qualified projects. Eligible non-profit organizations are those within the DDOO district that have a retail or commercial activity as its primary purpose including, but not limited to, performance venues, galleries, and retail shops. The maximum matching grant is 50% of total qualified project costs with total grant not to exceed \$25,000. An eligible non-profit organization can only receive one grant disbursement every 5 years. Grant funds are in lieu of loan funds. An eligible non-profit cannot receive both a loan and a grant.
3. **Business supported child care facility:** Any qualified business or consortium of businesses can apply for a loan to provide a child care facility for the children of employees of the business or consortium of businesses first and for the general public second. The facility must be at the business site or in near proximity.

- a. **Permissible uses of funds:** Loan proceeds may be applied to qualified capital improvement costs associated with a qualified project including land acquisition; construction, expansion, or renovation of buildings; purchase of child care equipment; or infrastructure improvements.
 - b. **Evaluation criteria:** Certain factors shall be considered when evaluating any eligible loan application under this section. These factors shall include, but are not limited to the following:
 - 1.) Strength of business plan or business proposal.
 - 2.) Projected number of employees to be served by the facility.
 - 3.) Projected number of general public, if any, to be served by the facility.
 - 4.) Use of funds to leverage other sources of capital including conventional financing and grant funds.
 - 5.) Collaboration with or impact on existing child care facilities.
 - 6.) Nature and extent of security/guarantees.
 - 7.) Credit history.
 - 8.) Any proposed city/state sponsored incentives expected to be received for the proposed project.
 - 9.) Nature and extent of equity participation by principal owner(s).
 - 10.) Compatibility of façade projects and new construction in the Downtown Development Opportunity Overlay (DDOO) district with the historic character of downtown Bloomington. (Projects involving the demolition or removal of structures listed on the Local Historic register, or eligible for listing on the National Historic Register or that are contributing structures listed within a nationally or locally designated historic district will not be considered.)
 - c. **Loan amount:** Applicants seeking loan funds under this section for qualified projects are eligible to borrow funds where the total project cost is a minimum of \$250,000. The maximum loan amount is \$100,000 or 20% of the total project cost, whichever is less.
4. **Public purpose induced business relocation:** Any qualified business that is required to relocate from its business location due to acquisition of the property by the City of Bloomington for a project serving a public purpose is eligible to submit a loan application for permissible projects as identified by the guidelines. “Relocate” as used in this subsection means that the business is required to move its primary business operations from the property.
- a. **Permissible uses of funds:** Loan proceeds may be applied to qualified capital improvement costs associated with a qualified project including land acquisition; construction, expansion, or renovation of

buildings; purchase of eligible equipment; or infrastructure improvements.

b. Evaluation criteria: Certain factors shall be considered when evaluating any eligible loan application under this section. These factors shall include, but are not limited to the following. The Common Council may waive one or more of these requirements if it finds that public policy so dictates.

- 1.) Strength of business plan or business proposal.
- 2.) Projected new jobs to be created as a result of the project.
- 3.) Overall projected impact on the economic vitality of the community.
- 4.) Use of funds to leverage other sources of capital including venture, conventional, and grant funds.
- 5.) Nature and extent of security/guarantees.
- 6.) Credit history.
- 7.) Expected tax base increases or decreases as a result of the project.
- 8.) Any proposed tax abatements or other city/state sponsored incentives expected to be received for the proposed project.
- 9.) Nature and extent of equity participation by principal owner(s).
- 10.) Projected public benefit of relocation.
- 11.) Compatibility of façade projects and new construction in the Downtown Development Opportunity Overlay (DDOO) district with the historic character of downtown Bloomington. (Projects involving the demolition or removal of structures listed on the Local Historic register, or eligible for listing on the National Historic Register or that are contributing structures listed within a nationally or locally designated historic district will not be considered.)

c. Loan amount: Applicants seeking loan funds under this section for qualified projects are eligible to borrow funds where the total project cost is a minimum of \$250,000. The maximum loan amount is \$100,000 or 20% of the total project cost, whichever is less. If public policy dictates, the maximum loan amount can be waived.

5. Business disruption bridge loan: A qualified business that suffers significant loss of sales and revenues in an area determined to be economically distressed due to disruptions caused by a City of Bloomington public works project is eligible to submit a loan application for short-term operating capital costs. Businesses applying for loans under this section must have been in operation at their affected site for at least 12 months prior to the start of construction of the public works project. The Review Committee established under this section shall make the

determination of the areas that are economically distressed due to City of Bloomington public works projects.

- a. **Permissible uses of funds:** Applicants receiving loans under this section shall use the proceeds in order to meet minimum operational expenses, including but not limited to rent or mortgage, utilities, payroll, or other unavoidable expenses necessary to maintain the business at a minimum operational level.
- b. **Loan Review Committee:** Applications received under this section shall be reviewed by a committee composed of the Mayor's Executive Assistant for Economic Development, the City Controller, the President of the Common Council, the Common Council member whose district includes the affected business, and the President of the Economic Development Commission or their designees. The loan committee shall be chaired by the Mayor's Executive Assistant for Economic Development
- c. **Review process:** The committee shall meet as often as is needed, but shall not meet less often than once per calendar year. Loans approved by the loan review committee established under this chapter do not require additional approvals from the Economic Development Commission or the Common Council. The Mayor's Executive Assistant for Economic Development will coordinate with the city's Legal Department the preparation of all necessary loan documents and a loan closing date.
- d. **Evaluation criteria:** The loan review committee established under this section shall establish criteria for the acceptance, review and approval of loans, which shall at a minimum include, but not be limited to, the following:
 - 1.) Each business must demonstrate financial need for the loan in order to meet minimum operation expenses, including but not limited to rent or mortgage, utilities, payroll, or other unavoidable expenses necessary to maintaining the business at a minimum operational level.
 - 2.) Each business shall provide proof of sales figures for the current time period in which the business has experienced economic distress due to the public works project, along with proof of sales figures for the same time period in the prior calendar year.
 - 3.) Each business shall provide proof of similar expense levels required to generate the same level of sales in the current time period, compared to the sales levels for the same time period in the preceding calendar year.
 - 4.) Each business shall provide a plan that describes how the business will use loan proceeds; forecasted expenses and revenues for the

period beginning with the first day of the month in which the loan is granted through the last day of the month preceding the month in which the loan is granted of the following year; and a proposed repayment schedule which shall provide for total repayment of the loan no later than one (1) year from the date on which the loan closing occurs.

- e. **Loan amounts and terms:** Loans approved under this section shall be made with the following limitations and terms:
- 1.) Subject to the availability of funds, a maximum of \$150,000 in loans may be made under this section.
 - 2.) A loan made under this section shall be limited to \$35,000 for each qualified applicant.
 - 3.) No interest shall be charged or accrue on loans before the date the public works project ceases causing significant disruption to the business. This date shall be determined by the loan review committee, in conjunction with the city department performing the project. Thereafter, interest on each loan shall accrue on a monthly basis at an annual rate of two percent of the unpaid balance of the loan on the last day of each month.
 - 4.) The loan review committee may submit claims for loans from the fund according to the City Controller's standard claim schedule or it may request from the City Controller's office a special warrant for expedited release of moneys from the fund if it determines that the business receiving the loan has demonstrated a reasonable need for the loan proceeds before the date a check would be released pursuant to the standard claim schedule.

III. ADDITIONAL TERMS AND CONDITIONS

- A. **Term:** The maximum term is five years, unless the loan is a business disruption bridge loan made under Section II. B. 5.
- B. **Rate:** Except for business disruption bridge loans made under Section II. B. 5, the interest rate will be the highest interest rate currently available for other city fund investments at time of application. The interest rate assigned is good for a period of ninety days from date of application.
- C. **Payments:** Except for business disruption bridge loans with a different approved payment schedule, principal and interest payments are to be made monthly. All payments are due on the first day of each month. Payments received after the tenth of the month will be assessed a 5% late

fee. Loan payments are to be mailed to:
City of Bloomington
Controller's Office
P.O. Box 100
Bloomington, IN 47402

D. Non-relocation Clause: Unless specifically approved by the City Council, the borrower may not relocate the funded business activity or a significant part of the business activity. Failure to comply with this section is grounds for default.

E. Default: The loan may be declared in default and become due and payable within 30 days of written notice to the borrower for any of the following reasons:

1. Failure of borrower to disclose any and all facts pertinent to the loan approval or any misrepresentation of information.
2. Failure of borrower to make timely payments.
3. Failure of borrower to use loan funds as described in the loan application.
4. Failure of borrower to maintain mortgaged property, keep it insured and/or pay property taxes on it.
5. Failure to obtain approval for relocation of business.
6. Failure to comply with any material terms of the loan documents, including but not limited to, the loan agreement, mortgage, financing statement, and personal guaranty.
7. Failure to comply with voluntary annexation agreement or waiver of remonstrance agreement.

IV. APPLICATION PROCEDURE

A. The following application procedures apply to all loans except the business disruption bridge loan under Section II.B.5. The applicant will contact the Mayor's Executive Assistant for Economic Development for a pre-application meeting. At that meeting, the applicant will receive instruction for submitting a complete application for consideration. Except of those businesses applying under Section 5, upon completion, the applicant will submit the application along with a \$100.00 processing fee to the Executive Assistant for Economic Development for review. If the

application is determined to be complete and eligible, the Executive Assistant for Economic Development will initiate the formal approval process.

- B. If the application is submitted for formal approval, the Executive Assistant for Economic Development shall schedule a meeting of the Economic Development Commission. At this public meeting the applicant will have an opportunity to present his/her proposal. The Economic Development Commission shall review the application based on the guidelines and either approve or deny.
- C. If a loan is approved as is by the Economic Development Commission, it will be forwarded to the City Council in the form of a resolution for the Council's approval or denial.
- D. If a loan is approved by the City Council, the borrower will sign all necessary loan documents for the loan. The borrower is responsible for securing all necessary lien documents, insurance documentation and title insurance policies as necessary. The Executive Assistant for Economic Development will coordinate with the City's legal department the preparation of all necessary loan documents and a loan closing date.

V. SECURITY

- A. Acceptable collateral includes a mortgage against real estate with at least 20% equity remaining after total project financing is secured, a lien against the cash value of life insurance, a lien against a Certificate of Deposit Account, a lien against qualified equipment, and/or any other acceptable and approved form of security.
- B. Loans will be secured to the extent that such security is feasible and does not impair the ability of the borrower to conduct its activities and may be subordinated to other financing, to and including a subordinated position on personal guarantees, as long as the city's loan is adequately secured.

VI. RELEASE OF FUNDS

- A. Once City Council approval is granted the applicant must secure all supplemental loans, securities, and other conditional documentation or action within 90 days. Failure to comply with any terms, conditions, or other requirements within this time period may result in nullification of the approved loan.

- B.** All documentation must be on file with the Executive Assistant for Economic Development in the Mayor's Office and approved by the City of Bloomington's Legal Department prior to any release of funds.
- C.** Loan funds may be disbursed in full at time of closing or in two disbursements within the first year following approval. Lien documents for the total loan amount will be signed for each disbursement.
- D.** Claims for the payment of Business Disruption Loan proceeds do not need approval of the Board of Public Works prior to disbursement.

Business Investment Incentive Fund Application

A. Name:

B. Applicant:

C. Address:

D. Phone:

E. Email:

F. Management:

G. Equity Ownership:

H. Loan Information:

1. *Purpose:*

2. *Total Project Cost:*

3. *Business Investment Incentive Fund Request:*

4. *Source of Repayment (if a loan): (List any collateral, accounts receivable, guarantees, etc.):*

I. **Personal Financial Information:** *(Complete attached Personal Information form for each owner or partner of business).*

J. **Business Plan:** *(Submit a complete business plan with corporate financial statements. See attached outline.)*

Business Plan Contents

- I. Summary**
 - A. Business description
 - 1. Name
 - 2. Location and facility description
 - 3. Product(s)
 - 4. Market and competition
 - 5. Management expertise
 - B. Business goals
 - C. Summary of financial needs and application of funds
 - D. Earnings, projections, and potential return to investors

- II. Market Analysis**
 - A. Description of total market
 - B. Industry trends/Target markets
 - C. Competition

- III. Products or Services**
 - A. Description of product line or service
 - B. Proprietary position: patents, copyrights, and legal/technical considerations
 - C. Comparison or competitors' products or services

- IV. Manufacturing Process (if applicable)**
 - A. Materials
 - B. Source of supply
 - C. Production methods

- V. Marketing Strategy**
 - A. Overall strategy
 - B. Pricing policy/Sales terms
 - C. Method of selling, distributing and servicing products

- VI. Management Plan**
 - A. Form of business organization
 - B. Board of Directors composition
 - C. Officers: Organization chart and responsibilities
 - D. Resumes of key personnel
 - E. Staffing plan/number of employees
 - F. Facilities plan/planned capital improvements
 - G. Operating plan/ schedule of upcoming work for next one to two years

- VII. Financial Data**
 - A. Financial history (three years to present)
 - B. Three year financial projections (first year by months; remaining years quarterly)
 - 1. Profit /loss statement and balance sheet
 - 2. Cash flow chart
 - 3. Capital expenditure estimates
 - C. Explanation of projections