In the Council Chambers of the Showers City Hall on Wednesday, May 7, 2014 at 7:30 pm with Council President Darryl Neher presiding over a Regular Session of the Common Council.

COMMON COUNCIL
REGULAR SESSION
May 7, 2014

Roll Call: Ruff, Sturbaum, Sandberg, Granger, Neher, Mayer, Rollo, Volan, Spechler,
Absent: None

ROLL CALL

Council President Neher gave the Agenda Summation

AGENDA SUMMATION

The minutes for the Regular Sessions of February 19, 2014 were approved by a voice vote.

APPROVAL OF MINUTES

REPORTS

- COUNCIL MEMBERS

Marty Spechler spoke about Stanford University's decision to cease investments in the coal industry. He felt that universities should not make political statements and should use their endowments to ensure more low income individuals could afford a university education. However, he urged Indiana University to cease their own coal usage on campus. He said switching to clean coal was not enough to preserve the environment, and he said the only viable way to prevent climate change would be to use a new way to generate electric power: fusion energy.

Steve Volan congratulated everyone who made it through the academic year.

Tim Mayer wished all graduating students the best, and he wished everyone a happy Mother's Day.

Dorothy Granger thanked everyone who voted in the previous day's primary election.

Susan Sandberg reminded those in attendance that the following evening the Jack Hopkins Social Services Funding Committee would be hearing from organizations that were seeking funding. She felt it was important to invest in social services in the community.

Chris Sturbaum quoted four lyrics from the Beatles:
I'm fixing a hole where the rain gets in
I have to admit it's getting better all the time
I get by with a little help from my friends, and
with our love we can save the world

- The MAYOR AND CITY OFFICES

Gracia Valliant, Commissioner from the Commission on Hispanic and Latino Affairs, gave a report from the Commission that included the creation of a four step strategic plan: procuring funds for educational and cultural events; coordinating or networking among Latino organizations; advancing a research program on Latinos in Bloomington in order to fill gaps in knowledge; and garnering a more public image through use of media, press releases, and distribution of information. She said the commission would also hold public events to discuss issues facing the Latino community, raise funding for research projects, and garner understanding of how documented and undocumented Latinos access the complex network of education, employment, and healthcare in the local economy.

Israel Herrera, President of the Commission on Hispanic and Latino Affairs, spoke about the educational programs the Commission began with the Monroe County Community School Corporation. He said that the commission was working to introduce Spanish Language courses for after-school elementary programs. He said that IU and the Commission had begun the process of incorporating educational opportunities for Latinos throughout the community.

There were no reports from council committees at this meeting.

- COUNCIL COMMITTEES

President Neher called for public comment.

- PUBLIC

Tonia Matthew read a poem entitled "Cement Truck" in honor of National Poetry Month.

Kay Bull talked about low-profile police cars and speeding drivers on the road where she lived.

APPOINTMENTS TO BOARDS A COMMISSIONS

It was moved and seconded that Abigail Pietsch be appointed to the Traffic Commission.
The motion was approved by a voice vote.

LEGISLATION FOR SECOND READING AND RESOLUTIONS

Ordinance 14-07 An Ordinance to Amend Ordinance 13-16 which Fixed Salaries for Certain City of Bloomington Employees for the Year 2014 and to Amend Title 2 of the Bloomington Municipal Code Entitled "Administration and Personnel" – Re: To Centralize City Accounting and Purchasing Functions by Moving Positions to the Office of Controller and to Authorize the Controller to Appoint a Deputy

It was moved and seconded that Ordinance 14-07 be introduced and read by title and synopsis. Clerk Moore read the legislation and synopsis, giving the committee recommendation of do pass 3-1-4.
It was moved and seconded that Ordinance 14-07 be adopted.

Sue West, City Controller, explained that the ordinance was a step towards centralizing accounting functions within the city. She said the goal was to prevent purchasing authority and receipt of payments from being done department by department. She said the ordinance was part of the plan presented to the council earlier in the year to put in place better safeguards for city assets, internal control, and segregation of duties.

Council Questions:
Volan asked if the seven positions in the ordinance would physically move into the contoller's office and what the purchasing manager would do. West said that some would; she gave the example of customer service which would remain in their current office. She said there was enough space for the additional workplaces needed in the controller's office. She explained that the purchasing manager would handle every purchase needed for city departments.

Volan asked if there would be cost saving from centralizing purchases. West explained that having one purchasing manager would prevent departments from purchasing the exact same item multiple times when they could be sharing the resources.

Spechler asked if any employee affected by the ordinance would have their salary reduced or their working conditions made more difficult. West said that there would be more training for those individuals and more support from other controller employees. She said no salaries would be reduced.

Granger asked how staff were told about the upcoming changes. West said that the decentralization of purchasing was done three years prior, but those given the new duties were not trained properly. John Whikehart, Deputy Mayor, explained that he had personally met with individuals affected by the change and worked with them to create a description of their necessary duties. He said that the shifting in duties would result in an increased salary for some employees in the 2015 budget. He said that change was always unsettling, but the administration needed these employees help in ensuring that no duties were lost in the change.

Volan asked how many employees were involved in the conversations surrounding the changes. Whikehart said that seven employees were affected and all were involved in the discussion. One position was eliminated and a new one was created to replace it.

Volan asked if any employees were involved in the discussion that were not directly affected but worked with individuals who were. Whikehart said

Ordinance 14-07 *(cont'd)*

that directors involved in the restructuring were involved in the discussions. He said he was sure that West had discussions with her staff. West said that she met with each division head in Public Works and ensured that they understood the reasoning behind the changes.

Volan asked why the person whose job was eliminated was not simply moved to the replacement position. Whikehart said that the elimination of the job was different from moving the other jobs.

There was no public comment on the ordinance.

Council Comments:
Granger said that she was concerned about staff morale, and she said that it was bigger than internal controls. She said she would support the ordinance despite her concern about the timing of the restructuring.

Sandberg said that the changes were planned in April. She said that what they were hearing about morale was caused by the insecurities from the coming changes. She said she hoped this would diminish as the changes were finished.

Volan said he agreed with Sandberg and Granger that employee morale was coloring the legislation before the council. He said he was concerned that there was a management issue causing the problems in morale. He said he looked forward to addressing further oversight issues.

Sturbaum said he had heard that ordinary purchases took 2-3 weeks to be made. He hoped that the tightening of fiscal controls would not prevent the city from performing its duties.

Ordinance 14-07 received a roll call vote of Ayes: 9, Nays: 0

Ordinance 14-08 To Amend Title 2 of the Bloomington Municipal Code Entitled "Administration and Personnel" – Re: Amending Chapter 2.26 Entitled "Controller's Department" to Authorize Procedures Necessary for the Fiscal Management and Operations within that Department

It was moved and seconded that Ordinance 14-08 be introduced and read by title and synopsis. Clerk Moore read the legislation and synopsis, giving the committee recommendation of do pass 6-0-2.
It was moved and seconded that Ordinance 14-08 be adopted.

West said that this ordinance would allow the city to replace the use of credit cards with electronic transfers. She said it would also allow the city to pay routine utility bills if the due date was out of the normal claim cycle.

Council Questions:
Rollo asked how much money could be saved by cutting credit card transaction fees. West said she did not have the figures, but she thought that they were usually 2-3% of the bill.

Volan asked for clarification. West said that the city used credit cards to pay utility bills outside of the normal claim cycles.

There was no public comment on the ordinance.

Council Comment:
Volan said he was astonished that the city was paying bills with credit cards and incurring a 2-3% interest cost. He said this change was long overdue.

Ordinance 14-08 received a roll call vote of Ayes: 9, Nays: 0

Resolution 14-06 To Approve an Enterprise Zone Investment Deduction (EZID) in the Downtown Tax Increment Financing (TIF) District – Re: 9 North Holdings, LLC, 508 N. College Ave

It was moved and seconded that Resolution 14-06 be introduced and read by title and synopsis. Clerk Moore read the legislation and synopsis, giving the committee recommendation of do pass 0-5-3.
It was moved and seconded that Resolution 14-06 be adopted.

Danise Alano-Martin, Director of Economic and Sustainable Development, explained that an Enterprise Zone Investment Deduction (EZID) was a property tax reduction for qualified investments and was defined by state

code. She said that this deduction was normally automatic, but this part of the Enterprise Zone was within a Tax Increment Financing (TIF) District. Therefore, it needed to be approved by the local legislative body, in this case the council. She noted that Ordinance 13-23 had set guidelines for the council's approval of EZIDs. She said that each application needed to include a fiscal impact statement. She described the Bloomington Urban Enterprise Association (BUEA), the nonprofit that would be receiving a portion of saved property taxes if the EZID was approved. She described the expenditures made within the TIF district for the year 2013 to demonstrate how the fund would be affected by the EZID.

Rollo asked if debt service paid from the TIF, over $1 million, was ongoing and when the payments would cease.
Alano-Martin said it was ongoing until 2032.

Neher asked if reselling the property would pay off the debt early. Alano-Martin said that was true.

Volan asked if any major public infrastructure improvements would be funded with TIF funds. Alano-Martin said she did not have specific projects, but the department was working on a plan for the area.

Volan asked if the Certified Technology Park (CTP) would be included in the plan. Alano-Martin said it would.

Sturbaum asked Alano-Martin to restate the percentage of property tax funds that would be given to the TIF and the BUEA. Alano-Martin said that the BUEA would get 20% for a participation fee ($94,165), Redevelopment Commission would get 9% ($42,374), and the Indiana Economic Development Commission would receive 1% ($4,708) if the total savings exceed $1,000.

Sandberg asked which city department assisted the BUEA and how many staff members were dedicated to the process. Alano-Martin explained that the duties had been transferred from the Housing and Neighborhood Development Department to the Economic and Sustainable Development Department. One primary staff member assisted the group with help from other departments as needed.

Spechler asked if additional funds could be used to pay off CTP debt earlier or the Switchyard Park. Alano-Martin said that the park was in a different TIF District and could not be supported by the Downtown TIF funds. She said that it was up to the Redevelopment Commission to pay off the CTP debt early.

Alano-Martin resumed her presentation on the resolution. She said that the specific property in the EZID would realize a total savings to the petitioner of $329,577 dollars after appropriate fees. She said that the project was mixed use and was completed in 2012. She said the project was also within the Downtown CREED, and payroll and sales taxes would support the CREED increment funds that the city received. She said that the city did not have to spend any funds on the infrastructure improvements for the project.

Council Questions:
Sturbaum asked the petitioner how the EZID fit into the financial planning of the project. Tim Hanson, Petitioner, explained that the project included the EZID in financial planning to pay management soft costs. He said that the company invested $8.1 million in the downtown and increased the property value of several buildings from $500,000 to $10.8 million which increased the tax base on one building fourfold and the other building tenfold. He said the investment would not otherwise be realized, and he said part of the savings would support BUEA staff liaisons and the TIF.
Eric Stolberg, Petitioner, said they provided first class commercial space to two growing entities, German American Bank and First Financial Bank. He

said he believed that those entities would add more services to the growing number of downtown residents.

Volan asked about the condition of the sidewalks in the area due to construction. Alano-Martin said that the construction of the 10 North Building closed both sidewalks as determined by the Board of Public Works. Hanson said that there were concrete barriers that created a walk-around for pedestrians that were removed by the city earlier that day. He said the city gave him permission to put in a new temporary walk-around.

Neher asked council staff to explain how changes in council procedure and state law affected their decision. Dan Sherman, Council Attorney, said that the state decided that properties within both an EZID and TIF were entitled to a deduction only if the local governing body approved it. He said that the state provided no guidelines for approval and the council produced their own with Ordinance 13-23.

Volan asked if the possibility of obtaining an EZID was considered by developers when initial plans were created. Hanson said that city staff reached out about the EZID while the first building was being constructed.

Volan asked if the developer would have preferred having the buildings solely residential because he heard that some developers were opposed to mixed use. Stolberg said that they preferred mixed use because it was more valuable, but he understood that it depended on the location.

There was no public comment on this resolution.

Council Comment:
Spechler said that the reasonable criteria for a tax abatement should require public benefits, but the developers said that the benefit was an increase in the tax base. He said abating these taxes with an EZID would defeat this purpose for the first ten years of the project. He said he welcomed these projects, but he did not see a public good above and beyond creating housing and commercial space. He said that there were no affordable housing components, employment benefits, or environmental considerations. He said he would not support the resolution.

Sturbaum said that having centralized housing and commercial spaces downtown was a benefit to the area. He said in the big picture this EZID would be beneficial to the BUEA and the public as a whole. He said he would support the resolution.

Granger thanked Sturbaum for broadening her thinking on the resolution. However, she said she would vote against the resolution because she did not see enough merits in the application.

Volan said that Bloomington had the second lowest housing vacancy rate in the state. He said that people believed, wrongly, that the downtown had been overtaken with student housing. He said that the TIF funding made development in the area more viable and was more beneficial than abating general taxes. He said he would vote against the ordinance.

Rollo said that there were too many anticipated expenditures of TIF funds to reduce the income stream of the fund.

Neher said he appreciated Rollo framing the decision in terms of the health of the TIF. He said the council needed to consider the needs of the TIF and would vote against the resolution.

Resolution 14-06 received a roll call vote of Ayes: 1 (Sturbaum), Nays: 8 and thus FAILED.

It was moved and seconded that Resolution 14-07 be introduced and read by title and synopsis. Clerk Moore read the legislation and synopsis, giving the committee recommendation of do pass 0-5-3.

Resolution 14-07 To Approve an Enterprise Zone Investment Deduction (EZID) in the Downtown Tax Increment Financing (TIF) District – Re: 10 North Holdings, LLC, 530 N. College Ave

It was moved and seconded that Resolution 14-07 be adopted.

Alano-Martin said that this petition was similar to the previous request. She laid out the financial benefit to the BUEA ($315,582), Redevelopment Commission ($142,012), and Indiana Economic Development Commission ($15,779).

Council Questions:
Mayer asked what public improvements were created during the development process. Hanson said that the site was improved with a new sidewalk, street trees, and 290 extra feet of new pipelines for the city's water main.

Mayer asked if there were environmental issues. Hanson said that there was an old fuel tank that needed to be removed and soil that needed to be replaced.

Stolberg finished the presentation by thanking Sturbaum for his comments on the previous resolution. He said that the land for the development was still owned by two long-time community members who asked the developer to build something they could be proud of. He said that the building would be unique and serve multiple uses for the community. He said he understood the affect it could have on the TIF, but he felt it was beneficial to the downtown.

There was no public comment on this resolution.

Council Comment:
Spechler said that the developer had no right to expect a guaranteed EZID. He said there was no public benefit that would offset the loss of tax funds for the downtown. He said he would vote against the ordinance.

Volan said the property needed the environmental remediation that the developer did, but he said that the council could not change the tax deduction that the developer would get just to offset the cost of the remediation. He said the project did not merit such a large abatement on taxes, and he would vote no on the resolution.

Granger said the project did not add to the viability or diversity of the district. She said she would vote no on the resolution.

Sandberg said her no vote did not reflect on the quality of the project of the developer. She said that the cost of the loss of taxes for ten years was not offset by the benefit of the urban infill.

Rollo said that the council did not need to incentivize the construction of more apartments in the downtown area. He said he wanted to see more owner occupied units downtown.

Resolution 14-07 received a roll call vote of Ayes: 1 (Mayer), Nays: 8 and thus FAILED.

It was moved and seconded that Resolution 14-08 be introduced and read by title and synopsis. Clerk Moore read the legislation and synopsis, giving the committee recommendation of do pass 0-2-6

Resolution 14-08 To Approve an Enterprise Zone Investment Deduction (EZID) in the Downtown Tax Increment Financing (TIF) District – Re: Big O Properties, LLC, 340-346 S. Walnut Street

It was moved and seconded that Resolution 14-08 be adopted.

Alano-Martin said that all of the commercial spaces in this property were filled. She said the building would be set back from the street in order to make room for a water meter pit, because the Geographic Information

Resolution 14-08 *(cont'd)*

System (GIS) line of the property was incorrectly listed, and the placement was approved by the Board of Public Works. She said that shifting the placement of the building required some completed work to be redone. She said that the developer would have $560,000 in abated taxes if this were to pass and the BUEA ($112,972), Redevelopment Commission ($50,432), and Indiana Economic Development Commission ($5,604) would benefit. She said this EZID would not affect the CTP and would not require financial expenditures from the taxpayer.

Rollo asked if the council could change the duration of the tax abatement. Alano-Martin said that the council could not do that.

Mary Friedman, Big O Properties, explained that the company had bought three parcels of land for the original design of the building. She said that because of an economic recession they sold the third parcel of land to fund the environmental remediation required on the land and preserve an historic building on the parcel. She said that the company tore down two substandard and vacant buildings in order to begin the new development. She said that Big O Properties had been building in downtown Bloomington near the square for 15 years, and they wanted to improve the southern area of the downtown.

Council Questions:
Rollo asked how far the building had been moved during the planning process. Alano-Martin said she believed it was less than eight feet but was not confident in her answer.

Rollo asked if the footprint of the building had been changed to accommodate the move. Friedman said that the footprint remained the same, but they sacrificed additional parking spaces behind the building.

Volan asked how many parking spaces were lost. Friedman said there were three.

Volan asked why the GIS line was listed incorrectly. Alano-Martin said that GIS was merely a representation and not as accurate as the survey line.

Volan asked if the fronts of the other buildings matched the survey line or the GIS line. Alano-Martin said she did not know.

Volan asked if there was enough room for outdoor seating for a café in the commercial space. Friedman said there would be if a permit could be obtained.

Volan asked what cleanup efforts were needed for the property. Friedman said there were gasoline tanks that needed to be removed, and soil that needed to be remediated.

Volan asked about the public benefit of the development. Friedman said that the area was underdeveloped prior to the company's work.

Volan commended the petitioners on their foresight in purchasing the property before several development incentives were implemented. Friedman said that they were alerted to several tax incentives when they purchased the property.

Volan asked what incentives they had benefited from. Friedman said they had not benefited from any at the time.

There was no public comment on the resolution.

Council Comment:
Spechler said he appreciated that there were unexpected costs in any enterprise, but he felt the council was not responsible for making sure that every developer made a profit. He said Big O Properties had done good

Resolution 14-08 *(cont'd)*

work, and he hoped they would continue to do so in the future. He added that the area was unattractive prior to the development and discovery of environmental problems reduced the market value of the property. He said any extra costs had already been offset by the low cost of purchasing the property. He said he would vote against the ordinance.

Volan said he disagreed with Spechler. He said the council had reasons to incentivize certain developments and drew contrast to Smallwood near City Hall. He said that the building was designed to be monolithic to offset the cleanup cost of the land. He said he wanted to incentivize developments in areas that needed remediation without allowing developers to construct large buildings to offset that cost.

Sandberg said she was impressed with the development. She said she agreed that the South Walnut Corridor needed to be developed. She said the project was not perfect, but she liked the smaller apartments and local businesses within the commercial suites. She said that the remediation was also a compelling reason to support the ordinance.

Rollo said that if a development had not occurred in the area the environmental remediation would not have been completed. He said that the cleanup was necessary and the building was in a part of the city that deserved high quality development. He said he would support the resolution.

Granger noted that she had voted against the previous two EZIDs, but she was drawn to Sturbaum's comments about keeping development in the center of town. She said she liked the idea of more developers building in the wide open spaces of the area. She said she would support the resolution.

Mayer said he was bewildered by his colleagues' decisions to support the resolution when the previous EZIDs were for buildings that replaced substandard buildings as well. He said that the previous developer improved the area's utilities and had to remediate the land as well. He said the council was not being fair in the attention they had given the previous EZIDs.

Ruff said he would support the resolution if they could implement a graduated abatement structure. He said that not being able to modify the amount of taxes abated made it difficult for him to decide on the resolution.

Neher said that he appreciated the developer going through the difficulty of the EZID application process. He said that the council had to balance the fiscal health of the TIF and BUEA with the desire for development. He said he would not support the resolution. He said he wished that the state had been clearer in explaining the process of granting EZIDs.

Rollo said he agreed that the previous developments were worthy projects, but he felt that contamination of groundwater in the downtown was a risk to public health and this development worked to remediate that.

Ruff responded to Neher by saying he agreed that it was unfortunate that the state was unclear in the criteria for granting EZIDs. He said in Indiana he was grateful that local government had been given some amount of control.

Volan said that the council would be setting precedent for future developers who might pursue EZIDs. He said he agreed with Rollo that cleanup of contamination was a greater public good. He said he felt that Mayer's statement was compelling as well. He said the council should consider the location of each project individually and the types of development that were constructed in that area.

Mayer stated that the South Walnut Street improvements were driven by Bloomington Utilities (CBU). He said that the department excavated the

land and invested in new sewer and water mains.

Resolution 14-08 *(cont'd)*

Volan asked Mayer how much money the utilities department spent on the project. Mayer said he was not sure of the exact figures.

Spechler said that environmental remediation and development in an underserved area were not strong reasons to provide an EZID. He said that more developers would seek this deduction even though the market already provided a private incentive with lower costs. He said this was evidenced by the company's purchase and development of the land prior to the approval of an EZID. He said the tax dollars could be spent directly for the public benefit.

Rollo asked for the total deduction. Alano-Martin said it would be $560,000, and after participation fees would be $392,000.

Neher said that private incentives alone were not enough to encourage the kind of development that the council wanted to see.

Resolution 14-08 received a roll call vote of Ayes: 5 (Sturbaum, Sandberg, Granger, Rollo, Volan), Nays: 4 (Ruff, Neher, Mayer, Spechler).

LEGISLATION FOR FIRST READING

Ordinance 14-06 To Rezone a 2.58 Acre Property from Residential Single-Family (RS) to a Planned Unit Development to be Known as Bloomington Cohousing and Approve a Preliminary Plan and District Ordinance – Re: 2005 S. Maxwell Street and 1325 E. Short Street (Bloomington Cohousing LLC, Petitioner)

Ordinance 14-06

There was no public comment at this portion of the meeting.

PUBLIC COMMENT

It was moved and seconded to cancel the Internal Work Session on May 9th, 2015. The motion was approved by a voice vote.

COUNCIL SCHEDULE

It was moved and seconded that the 2015 Budget Advance be rescheduled for May 28, 2014 at 5:30 pm. The motion was approved by a voice vote.

The meeting was adjourned at 10:32 pm.

ADJOURNMENT

APPROVE:

Darryl Neher, PRESIDENT
Bloomington Common Council

ATTEST:

Regina Moore, CLERK
City of Bloomington