



**City of Bloomington
Common Council**

Legislative Packet

10 April 2013

Committee of the Whole

All legislation is included herein.

Office of the Common Council
P.O. Box 100
401 North Morton Street
Bloomington, Indiana 47402
812.349.3409

council@bloomington.in.gov
<http://www.bloomington.in.gov>



Packet Related Material

Memo

Agenda

Calendar

Notices and Agendas:

- **Council Sidewalk Committee “Debriefing” Meeting** on Wednesday, April 10, 2013 at 3:00 p.m. in the Council Library

Legislation and Background Material for Discussion at the Committee of the Whole on Wednesday, April 10th:

- **Res 13-08** To Approve an Enterprise Zone Investment Deduction (EZID) in the Downtown Tax Increment Financing (TIF) District - Re: Springhill Suites (501 North College Avenue)
 - Memo to Council from Doris Sims, Assistant Director, Housing and Neighborhood Development; Map of the BUEA, TIF Districts, and Site of Springhill Suites Project; Factsheet on the Project

Contact:

Doris Sims at 349-3510 or simsd@bloomington.in.gov

Memo

One Resolution Ready for Discussion at the Committee of the Whole Scheduled for Wednesday, April 10th

There is one resolution ready for discussion at the Committee of the Whole next Wednesday night. The resolution and related material are part of this packet and are summarized herein.

Res 13-08 - Approving Enterprise Zone Investment Deduction (EZID) for Springhill Suites at 501 North College Avenue

It's the time of year when companies with projects within the Urban Enterprise Zone (Enterprise Zone) and one of our TIF districts seek Enterprise Zone Investment Deductions (EZIDs) from the City Council. This year **Res 13-08** is coming forward to grant a 10-year deduction for Springhill Suites at 501 North College Avenue.

EZIDs Available in the Enterprise Zone and Must be Filed by May 15th

These deductions (EZIDs) were created by the State Legislature in 2005 and are available to properties within an Enterprise Zone. The Bloomington Urban Enterprise Association (BUEA) is a private non-profit organization which has contracted with the City's HAND department to administer the Enterprise Zone. In her capacity as Administrator for this program, Doris Sims, Assistant Director of the HAND Department, has requested this action and has provided the memo and map to help with your decision. Please note that it is coming forward now because the tax payer needs to file its application with the County between March 1st and May 15th.

Enterprise Zone Investment Deduction (EZID) – 10 Year, 100% Deduction for Qualified Investments

In some ways, the EZID is similar, and in other ways dissimilar, to a tax abatement. They are similar, in that both provide a deduction from property taxes for investments in real estate and/or certain personal property that are located in specially-designated areas of blight. In both cases, the deduction is tied to the assessed value of investments which are made after a base year and may last for as long as 10 years. They are dissimilar in that the eligible investment for the EZID (known as a "qualified investment"¹) is broader than for abatements and the deduction, itself, automatically stays at 100% for the full period of deduction, rather being subject to a range of statutory schedules approved by the Council. Also, the investment is made *before* the EZID application as opposed to *after* the tax abatement application. The approvals differ as well: the County Auditor (and not the Council) approves the EZID *except* when the property also lies within a

¹ "Qualified investment" means any of the following expenditures relating to an enterprise zone location on which a taxpayer's zone business is located: (1) The purchase of a building; (2) The purchase of new manufacturing or production equipment; (3) Costs associated with the repair, rehabilitation, or modernization of an existing building and related improvements; (4) Onsite infrastructure improvements; (5) The construction of a new building; and (6) Costs associated with retooling existing machinery. IC 6-1.1-45-7

TIF District, as is the case with this request. In this sense, the Council acts as a fiscal check on the reduction of revenues to the TIF District.

Fees Equal to 30% of the Deduction Go to the Enterprise Zone (20%),
Redevelopment Commission (9%) and State of Indiana (1%)

One other difference between this deduction and an abatement is that 1% of the amount of savings over \$1,000 goes to the State of Indiana,² 20% is returned to the Enterprise Zone to implement its programs and, as a result of adoption of Ord 13-04 earlier this year, another 9% is surrendered by the property owner to the Redevelopment Commission for use in the underlying affected TIF district.

According to Sims' *Memo*, the Enterprise Zone has received revenue of about \$458,886 from this fee and approximately \$295,928 from a Loan Interest Credit³ from 2009 to 2012. Her *Memo* briefly describes the history and activities of the Enterprise Zone. It was created in 1991 and, after three renewals, is set to expire in 2017. As mentioned earlier in this summary, the HAND department is under contract to staff the Bloomington Urban Enterprise Association, which is the non-profit organization empowered to administer the Enterprise Zone and its programs and activities. These programs and activities are designed to aid in the economic development of the Enterprise Zone by providing education and training, encouraging entrepreneurship, rehabilitating business facilities and improving the aesthetic character of historic buildings within it.

Res 13-08 – Approves a Deduction for Springhills Suites at 501 North College Avenue

Res 13-08 approves a deduction for Springhill Suites at 501 North College Avenue for approximately \$18 million of real estate improvements, which amounts to an annual savings of \$349,110 for the petitioner before the \$104,733 fee to the three entities mentioned previously.

The *Memo* from Sims indicates that the project “will create 39 new jobs to the community; 7 management and 32 associates with an annual payroll of \$1,001,154.” Also, according to a factsheet on the project and a summary for the Council’s previous action to vacate an underlying alley, the project will also provide:

² To the Indiana Development Corporation per IC 5-28-15(a)(4)(A).

³ The Loan Interest Credit is available for certain bank loans made within the Enterprise Zone and this revenue is based upon a fee for that credit.

- a 158-room, 5-6 story hotel under the “Springhill Suites by Marriott” banner, where each room is a suite with areas to sleep, work, and relax (along with a microwave and fridge) and accompanied by common areas that include an indoor pool, fitness center, 1,200 s.f. of meeting space, and a lobby with TV lounge and fireplace;
- a modern design with brick, limestone, metal and glass exterior with entrance detailing on the College and Morton;
- a footprint that is notched on the northeast corner and offset along College and West 9th to accommodate street trees;
- a small retail presence on the southeast corner of the property; and
- no loss of on-street parking and a 1.5-story, 133 space structured parking facility accessed off of West 9th Street.

In addition, in the memo proposing the vacation of the alley, the following project benefits were noted in regard to this project:

- Enhancement of downtown tourism;
- Hospitality-related employment;
- More nearby business customers;
- (Revenues) to the Downtown TIF;
- Business anchor for the Morton Street corridor; and
- A new land use to mix with existing housing.

Annual Estimated Value of the Deduction and Fee – Real Estate

	Assessed Valuation	Value of Taxes / Savings	Fees	Net Savings
After Investments	\$18,191,700	\$352,828.02		
Base Year	- \$191,700	-\$3,718.02		
Deduction	\$18,000,000	\$349,110	*\$104,733	\$244,377

*** Breakdown of Fees**

BUEA	(20%)	\$69,822
Redevelopment Commission	(9%)	\$31,419.90
State Economic Development Corporation	(1%)	\$3,491
Total		\$104,733

General Fiscal Impact

The granting of these deductions would divert the money - in this case amounting to approximately \$317,690 – from the Downtown TIF each year for ten years. Sims' *Memo* indicates that this TIF had a balance of \$6.06 million at the end of December 2012.

At the Staff-Council Internal Work Session, staff noted that the Downtown TIF District, unlike some of our other TIF districts, does not have a finite term of existence. Therefore, the Downtown TIF will receive the full benefit of the property taxes from this development once the EZID is exhausted after 10 years.

Happy Birthday Susan Sandberg – April 10th

**NOTICE AND AGENDA
BLOOMINGTON COMMON COUNCIL
COMMITTEE OF THE WHOLE
7:30 P.M., WEDNESDAY, APRIL 10, 2013
COUNCIL CHAMBERS
SHOWERS BUILDING, 401 N. MORTON ST. (ROOM 115)**

Chair: Timothy Mayer

1. Resolution 13-08 To Approve An Enterprise Zone Investment Deduction (EZID) in the Downtown Tax Increment Financing (TIF) District -Re: Springhill Suites (501 North College Avenue)

Asked to Attend: Doris Sims

Assistant Director, Housing and Neighborhood Development



**City of Bloomington
Office of the Common Council**

To Council Members
From Council Office
Re Weekly Calendar – 8– 13 April 2013

Monday, 8 April

4:30 pm Plat Committee, Hooker Room
5:00 pm Utilities Service Board, Utilities Board Room, 600 E. Miller Dr.
5:30 pm Plan Commission, Council Chambers

Tuesday, 9 April

4:30 pm Commission on Aging, Hooker Room
5:30 pm Bloomington Public Transportation Corporation Board of Directors, Public Transportation Center, 130 W. Grimes Lane
5:30 pm Board of Public Works, Council Chambers
6:00 pm City of Bloomington Commission on Sustainability, McCloskey
6:30 pm Sister Cities International – CubAmistad, Dunlap
6:30 pm Sister Cities International – Polsoltega, Kelly
7:30 pm Sister Cities International, Kelly

Wednesday, 10 April

3:00 pm Council Sidewalk Committee, Council Library
4:00 pm [ImagineBloomington](#) Steering Committee, Council Chambers
4:00 pm Bloomington Arts Commission, McCloskey
4:30 pm Environmental Resources Advisory Council, Lower Cascades, 2851 N. Old St. Rd. 37
5:30 pm Commission on the Status of Black Males, Hooker Room
7:30 pm Common Council – Committee of the Whole, Council Chambers

Happy Birthday Councilmember Susan Sandberg!

Thursday, 11 April

12:00 pm Housing Network, Council Chambers
4:00 pm Monroe County Solid Waste Management District, Monroe County Courthouse, Judge Nat U. Hill, III Room
4:30 pm Bloomington Historic Preservation Commission, McCloskey

Friday, 12 April

1:30 pm Metropolitan Planning Organization -- Policy Committee, Council Chambers

Saturday 13 April

8:00 am Bloomington Community Farmers' Market, Showers Common

Kindly note: All changes to meeting dates and times must be communicated to the Council Office by Thursday, Noon of the preceding week for inclusion in the Weekly Calendar.

Posted and Distributed: Friday, 5 April 2013

RESOLUTION 13-08

**TO APPROVE AN ENTERPRISE ZONE INVESTMENT DEDUCTION (EZID)
IN THE DOWNTOWN TAX INCREMENT FINANCING (TIF) DISTRICT -
Re: Springhill Suites (501 North College Avenue)**

WHEREAS, Indiana Code 6-1.1-45-9(d) requires that Enterprise Zone Investment Deductions (EZID) for property located within a Tax Increment Financing District (TIF) allocation area created under Indiana Code 36-7-14 must be approved by the legislative body of the governmental unit; and

WHEREAS, The City of Bloomington's Downtown TIF allocation area was created under IC 36-7-14, so authority for approval of an EZID in that TIF allocation area now falls to the Bloomington Common Council; and

WHEREAS, Urban Hospitality 1, LLC is applying for approval of the EZID deduction for the property located at 501 North College Avenue, which is located in the Downtown TIF allocation area; and

WHEREAS, Pursuant to Ordinance 13-04, approved by the Common Council on March 27, 2013, Urban Hospitality 1, LLC will be required to pay an additional participation fee of 9% of the amount of the EZID to the Bloomington Urban Enterprise Association for the benefit of the Bloomington Redevelopment Commission;

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

The Common Council hereby approves the request of Urban Hospitality 1, LLC to receive the Enterprise Zone Investment Deduction for the property located at 501 North College Avenue, Bloomington, Indiana.

PASSED AND ADOPTED by the Common Council of the City of Bloomington, Monroe County, Indiana, upon this ____ day of _____, 2013.

DARRYL NEHER, 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 _____, 2013.

REGINA MOORE, Clerk
City of Bloomington

SIGNED and APPROVED by me upon this _____ day of _____, 2013.

MARK KRUZAN, Mayor
City of Bloomington

SYNOPSIS

This resolution approves an Enterprise Zone Investment Deduction (EZID) for Urban Hospitality 1, LLC located at 501 North College Avenue. The EZID allows a property tax deduction for a qualified investment within an Urban Enterprise Zone (I.C. 6-1.1-45). In most cases, this deduction (which is similar to tax abatement) is automatic with the proper and timely application to the County Auditor. However, effective July 2008, when the investment is in an allocation area defined by IC 12-19-1.5-1 (TIF District), the deduction must be approved by the area's legislative body. Therefore, any EZID in one of the City's TIF allocation areas must be approved by the Common Council.

Basic information about the EZID is listed below:

- EZID is defined as the property tax deduction available from the increased value of an Enterprise Zone business property due to real and personal property investment by the business.
- The deduction equals the difference between the assessed property value following the qualified investment and the assessed property value of a base year (the year preceding the qualified investment).
- The amount of the deduction (100%) will be the same for each year (is non-graduated).
- The added valuation may be deducted for up to 10 years and can extend past the expiration of the Enterprise Zone (Bloomington's zone designation will expire in March 2017).
- 20% of the tax savings is paid to the Bloomington Urban Enterprise Association and effective with Ordinance 13-04, an additional 9% of the tax savings is paid to the Bloomington Redevelopment Commission.

Memo

To: Bloomington City Council
From: Doris Sims, Assistant Director, Housing and Neighborhood Development
CC: Lisa Abbott, Danise Alano-Martin
Date: April 4, 2013
Re: Enterprise Zone Investment Deduction (EZID) Council Resolution

Enterprise Zone Investment Deduction

The Enterprise Zone Investment Deduction (EZID) allows a property tax deduction for a qualified investment within an Urban Enterprise Zone (I.C. 6-1.1-45). In most case, this deduction (similar to a tax abatement) is automatic with the proper and timely application to the County Auditor. However, effective July 2008, when the investment is in an allocation area defined by IC 12-19-1.5-1, the deduction must be approved by the area's legislative body. Therefore, any EZID in the City's TIF must be approved by the Common Council. In addition, taxpayers receiving the EZID must pay a participation fee to the local enterprise zone board and the Redevelopment Commission. This fee, paid to the Bloomington Urban Enterprise Association (BUEA), is 20% of the savings received from the EZID.

Basic information about the EZID is listed below:

- EZID is defined as the property tax deduction available from the increased value of an Enterprise Zone business property due to real and personal property investment by the business.
- The deduction equals the difference between the assessed property value following the qualified investment and the assessed property value of a base year (the year preceding the qualified investment).
- The amount of the deduction (100%) will be the same for each year (it is non-graduated).
- The added valuation may be deducted for up to ten years and can extend past the expiration of the Enterprise Zone (Bloomington's zone designation will expire in March 2017).

- Claimants must pay a 20% participation fee annually to the BUEA on the savings received and 1% to the State of Indiana on any savings more than \$1,000.
- Qualified investment within an Enterprise Zone location includes:
 1. purchase of a building, or new manufacturing or production equipment;
 2. costs associated with the repair, rehabilitation or modernization of an existing building and related improvements;
 3. onsite infrastructure improvements;
 4. construction of a new building; and
 5. costs associated with retooling existing machinery.
- To claim the deduction a taxpayer must fill out Form EZ-2 and file it annually with the County Auditor between March 1 and May 15. The Auditor determines the eligibility of each investment and is required to notify each applicant of his/her determination by August 15. If the Auditor approves the deduction, taxpayers can take it the following year.
- Claimants must also annually file a Form EZB-R with the Indiana Economic Development Corporation and BUEA by June 1.
- A project that is located within an Enterprise Zone and a Tax Increment Finance (TIF) District also must pay a 9% participation fee to the Redevelopment Commission (as approved by the City Council).

Bloomington Urban Enterprise Association

Urban Enterprise Zones are established under State Law. Zones are created for a period of 10 years, with the ability to apply for two five-year renewals, and a final five-year extension. The Bloomington Urban Enterprise Zone (BUEA) was originally designated in 1991 and received its third five-year renewal in June of 2010 and is set to expire in 2017. The BUEA is a private, nonprofit organization responsible for the Zone's day-to-day activities. It contracts with the City of Bloomington's Housing and Neighborhood Development (HAND) Department to provide administrative support in overseeing the programs and activities of the Zone. Over the last five years, the BUEA has utilized HAND staff to operate six regular programs, as well as a number of special projects, all of which are respectively designed to aid in the economic development of the Zone by providing education and training, encouragement of entrepreneurship, rehabilitation of business facilities and improvements to the aesthetic character of historic buildings.

Financial Information

The EZID provides a portion of the funds used to support BUEA programs. BUEA revenues for the last four years are shown in Table 1. Table 2 illustrates the current fund balance for the Downtown TIF.

Table 1: BUEA Income for years 2009-2012

Year	Source	Amount
2009	Investment Deduction	\$20,746
	Loan Interest Credit	\$105,151
2010	Investment Deduction	\$39,354
	Loan Interest Credit	\$59,926
2011	Investment Deduction	\$96,262
	Loan Interest Credit	\$64,048
2012	Investment Deduction	\$302,524
	Loan Interest Credit	\$66,803

Table 2: Tax Increment Financing (TIF) Fund Balance

Date	TIF District	Amount
December 31, 2012	Downtown	\$6,062,688

Impact of Springhill Suites EZID

Improvements

The project is a Springhill Suites hotel with an estimated construction cost of \$18M. The hotel will consist of 158 guest suites and include such on-site amenities such as a pool, breakfast buffet, fitness room and a lobby bar.

Once completed, the hotel will create 39 new jobs to the community; 7 management and 32 associates, with an annual payroll of \$1,001,154.

Impact

The impact of approving this resolution on the Downtown TIF fund is shown below.

Real Property

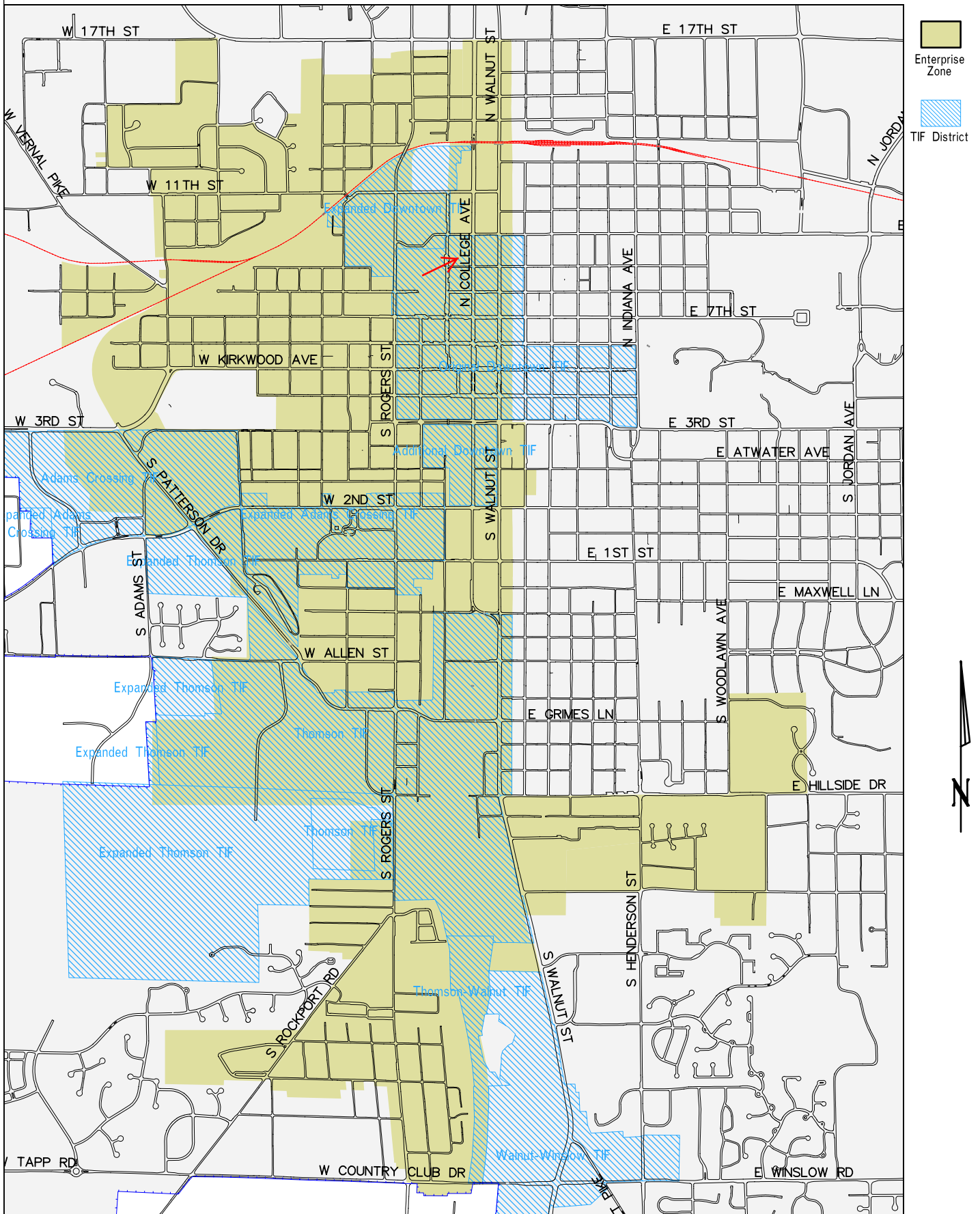
Base Year Assessed Value of Property (Land Only)	\$191,700
Assessed Value of New Improvements (Estimate)	\$18,000,000
New Assessed Value of Property (Land and Improvements)	\$18,191,700
Property Tax Liability Before IZID Deduction ($\$18,191,700 \times 1.9395$)	\$352,828.02
Property Tax Liability After IZID Deduction ($\$191,700 \times 1.9395$)	\$3,718.02
Property Tax Savings	\$349,110
20% Fee to BUEA of Tax Savings	\$69,822
9% Fee to the Redevelopment Commission	\$31,419.90

Recommendation

The Bloomington Urban Enterprise Association supports the approval of the request from Urban Hospitality 1, LLC.

Bloomington Urban Enterprise Zone & TIF Districts

Nov 16, 2012



Enterprise Zone
TIF District

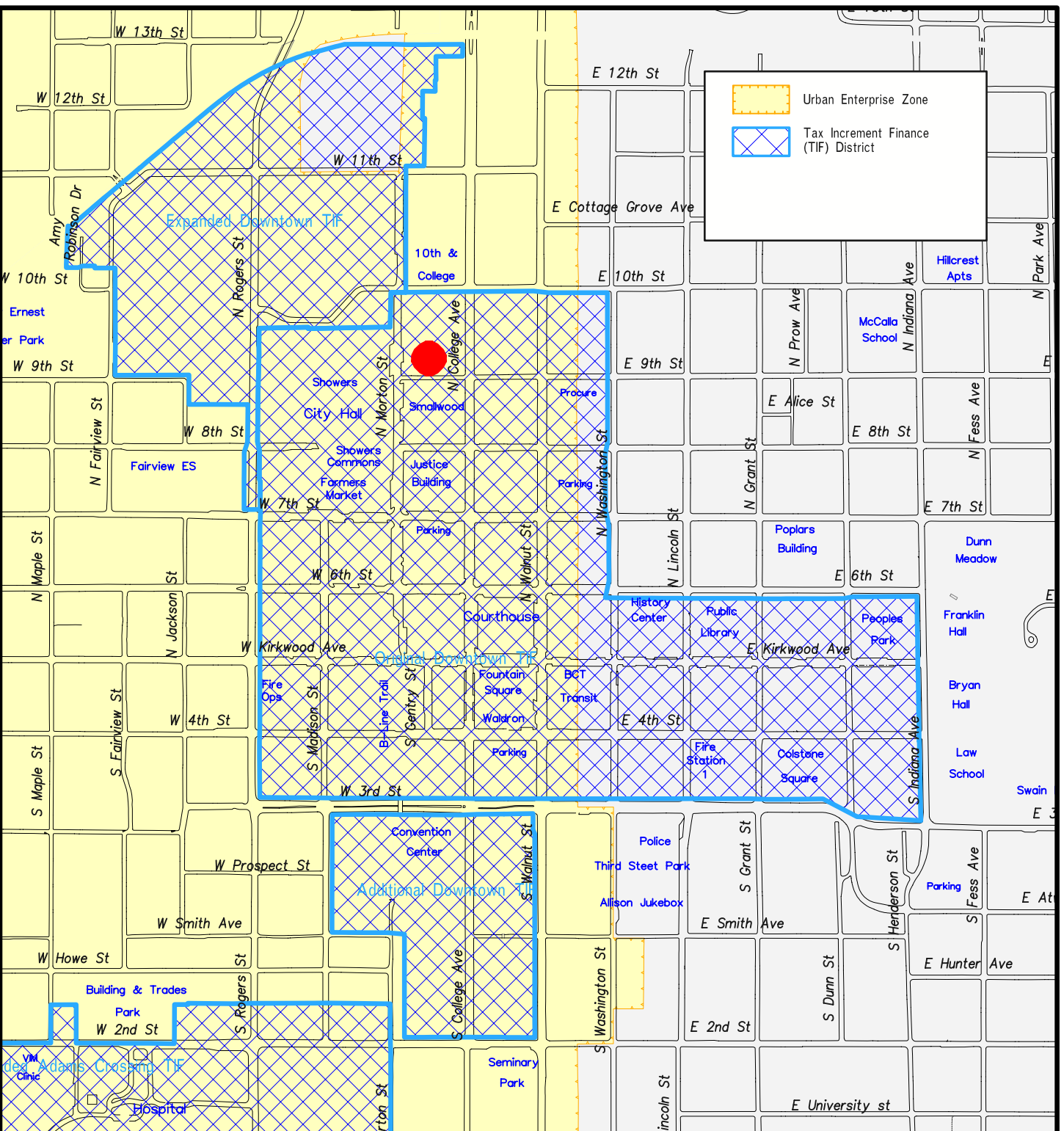


City of Bloomington
Geographic Information System

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

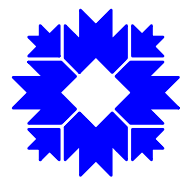
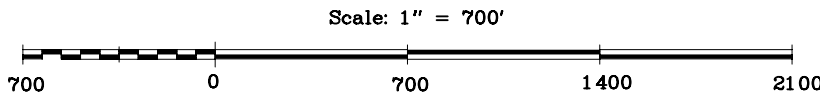
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TuetifLP



Springhill Suites
501 N College Ave

City of Bloomington
Mayor Mark Krusan



Mar 19, 2013

Geographic Information System

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

SpringHill Suites by Marriott
Bloomington, Indiana

This is the new, 158 room Marriott SpringHill Suites that will be located at the corner of 9th and College in Bloomington, IN. The hotel offers all suite rooms, a pool, breakfast, fitness room, lobby bar, and two levels of structured parking below grade. This urban site is located in the heart of downtown Bloomington, walking distance to the IU campus, Kirkwood Street, and the Bloomington Square.

Brand Highlights

SpringHill Suites by Marriott introduces progressive design to the lifestyle traveler. This all-suite hotel has over 230 locations and is part of the powerful Marriott brand. Hotel features include:

- Complimentary daily breakfast buffet.
- A coffee bar located in the lobby.
- 158 spacious guest suites with separate areas for sleeping, working and relaxing.
- In-suite microwave and mini-fridge.
- Pull-out sofa bed.
- Free Wi-Fi in public spaces and free high-speed internet access in all guest suites.
- Relaxing indoor pool.
- Invigorating fitness room.
- Extra large lobby for relaxing or enjoying the amenities like the fireplace or lounge TV areas.
- On-site business services & lobby computer work area.
- 24/7 access to food and beverages in The Market.
- Over 1,200 SF of flexible, multiple room meeting space.
- Lobby bar with televisions and fireplace.
- 133 covered parking spaces with direct elevator access to lobby and guest rooms.

Hotel Operations

The hotel will be managed by White Lodging which operates over 158 hotels in 20 states and is a recognized industry leader in the management of Marriott brands.



9th & College Elevation



9th & Morton Elevation



Typical Room

