

REDEVELOPMENT COMMISSION MEETING

April 25, 2011

The regular meeting of the City of Mishawaka Redevelopment Commission was called to order at 6:30 p.m., Monday April 25, 2011, in Room 205, City Hall, 600 East Third Street, Mishawaka, Indiana. Commissioners Eberhart, O'Dell, Troiola, Mammolenti, Gebo, and Stillson were present. Also in attendance: Lory Timmer, Community Development Director; John Gourley, Legal Counsel; Kari Myers, Administrative Planner, Dave Diroll, Jamil Packaging Corporation; and Joe Dits of the South Bend Tribune.

Commissioner Troiola moved to approve the minutes of the March 28, 2011 meeting. Commissioner Gebo seconded; motion carried.

Lory Timmer presented the following Resolution for consideration:

RESOLUTION 2011-5: APPROVING A TAX ABATEMENT FOR 1420 INDUSTRIAL DRIVE

Mrs. Timmer provided the Commissioners with information on Jamil Packaging Corporation. She said Jamil is a manufacturer of corrugated paper boxes and distributor of shipping supplies, and they have applied for a tax abatement for their property located at 1420 Industrial Drive. Because their facility is located within the Southside TIF District boundaries, the Redevelopment Commission is required to review and approve the project before it can proceed to the Common Council for regular consideration. It should be noted that the Redevelopment Commission approved similar requests for Jamil in 2006 and 2008 for equipment abatements. This request is also for tax abatement on equipment purchase. The company plans to make a capital investment of \$900,000 in manufacturing equipment, specifically, a Specialty Folder Gluer to more efficiently manufacture their corrugated boxes and increase production.

In 2006 when Jamil applied for their first tax abatement, they had 53 employees. They currently employ 73 workers. As a direct result of the potential investment in the new equipment, Jamil estimates they will add six (6) new employees with a starting hourly rate of \$14.50 hourly plus benefits. It should also be noted that Jamil has had a very good record on compliance with tax

abatements, often exceeding projects on employment.

Mrs. Timmer said the packets contained Jamil's tax abatement application with more detailed information. Based upon the Council's approval of previous and similar projects, the size of capital investment and the number of jobs created, the request for a three-year phase-in of the personal property taxes on the new piece of equipment is reasonable and has precedent.

Dave Diroll, President of Jamil Packaging, indicated to the Commission that approval of the abatement is integral to his decision to go forward with the equipment purchase at this time. As such, the Administration feels that the proposed additional investment of \$900,000 and hiring of six additional employees is an appropriate use of the economic development tool of tax abatement as an incentive to bring this new capital investment into Mishawaka. We are asking for your support and recommendation of a three-year tax abatement for personal property.

Commissioner Stillson asked Mr. Diroll how the tax abatement relates to his business. Mr. Diroll said it helps him to be able to pay down the loan as the bank requires him to pay back the loan in seven years.

Commissioner O'Dell asked if the new equipment will increase his customers. Mr. Diroll indicated he will now be able to produce items he cannot make now and they will be of better quality.

Commissioner O'Dell asked when new employees will be added. Mr. Diroll said in a recession, it's hard to tell, hopefully as soon as possible.

Commissioner O'Dell asked if he had any local competition. Mr. Diroll said yes, Smurfit-Stone in Mishawaka, American Container in Plymouth, and they also compete against larger national companies as well.

Commissioner Troiola moved to approve Resolution 2011-5. Commissioner O'Dell seconded; motion carried.

Mrs. Timmer presented the following Resolution to the Commissioner's for their consideration:

RESOLUTION 2011-03: ACQUISITION OF THE PROPERTY AT 1002 PROSPECT DRIVE

This property is located at the west end of Prospect Drive, near the northern entrance to Merrifield Park. It is considered strategic to future improvements at that entrance. It also slightly encroaches on Park property. The owner is in an assisted living facility, and the house has been vacant for several months. The average of two appraisals was \$138,500, and the owner accepted the City's offer to purchase the property for that price. It will be demolished this summer.

The Commissioners asked what will be done with the home. Will it be demolished for a parking lot, moved to a new location?

Resolution 2011-03 was tabled until the May meeting so Ken Prince can provide the Commissioners with information on proposed end use of the property.

Mrs. Timmer presented the following Resolution to the Commissioners for their consideration:

RESOLUTION 2011-04: ACQUISITION OF THE PROPERTY AT 414 LINCOLNWAY WEST

She said this property is directly west of the old Mishawaka Furniture building. The average of two appraisals came in at \$107,500; however, the owner has a mortgage on the property with a balance of approximately \$137,500. The owner is willing to sell the property to the City for the amount he owes, and walk away from the transaction with no cash. She is asking permission to purchase the property for \$30,000 above appraised value because of the importance the property has to our construction project. Acquisition would allow the City to vacate the alley that runs north-south along the west side of our building. Once the alley is vacated, barriers will be installed to prohibit thru-traffic. Apartments on the west side of the building won't be subjected to cars driving next to their windows. Also, the view from apartments located on the southwest side of the building will be improved. There have been discussions, too, that a fenced-in space could be created for the residents if the alley is vacated.

Commissioner Gebo moved to approve Resolution 2011-04. Commissioner Troiola seconded; motion carried.

Mrs. Timmer provided the following updates to the Commissioners:

TIF UPDATES

River Center Update

Requests for Proposals for the nine (9) bundles of City-owned properties in the River Center area appeared in today's South Bend Tribune. A CD is available for \$10; it contains legal descriptions of each group of parcels, appraised values, maps and instructions on how to submit proposals. The proposals will be received at the May 23, 2011 Regular Meeting of the Redevelopment Commission. The Commission can review the submissions and decide how to proceed.

Main Street - Church Street Connector

Bids were opened at the April 19 Board of Public Works and Safety meeting. Rieth-Riley Construction was the apparent low bidder at \$3,281,835. The substantial completion date for this project is mid-November 2011.

Main Street Improvements, PH. III: Mishawaka Avenue to Battell Street

Installation of the new storm sewer is complete. The surface has been compacted and stone has been applied. Pavement will be poured the week of April 25.

North Main Street, PH VI: Ardennes Street to Edison Road

DLZ is working on right-of-way acquisition. Title reports and document preparation is 100% complete; acquisition is 40% complete.

Douglas Road Medical Park, PH. II

This project was awarded to John Boettcher Sewer & Excavating for the amount of \$1,879,375. Work includes earthwork, a three-sided precast concrete structure with a span of 32-feet for Juday Creek, curbs, pavement, driveways, sidewalks, storm sewer structures and pipe, sanitary sewer structures, pipe and water main. Substantial completion is anticipated for November 2011.

Fir Road Expansion, PH. I (Between the Toll Road Bridge and Cleveland Road)

This project includes reconstruction of approximately .38 miles of Fir Road. The scope of work includes re-aligning and widening the intersection, adding curbs and storm sewer, and placing a traffic signal. The City's share, which is 20% of the project, includes sewer and water lines for \$162,323 and intersection improvements for a lump sum of \$100,000. INDOT is paying 80% of the costs, which total approximately \$1.1 million. INDOT will close the intersection of Fir Road and Cleveland Road the week of May 9, and it will remain closed for four (4) months.

Edgewater Drive Improvements

This project consists of removing portions of the existing street, installing new curb, storm sewer and storm water outfall into the St. Joseph River, to convert Edgewater Drive into a one-way street between Mishawaka Avenue and John Street.

Mishawaka Avenue Bridge

Weather permitting, traffic lanes on the Mishawaka Avenue bridge will be restricted (between 8 am and 3 pm) on Monday, Tuesday, and Wednesday (4/25, 4/26, and 4/27) to shoot pneumatic mortar on the bottom of the west span of the bridge. Equipment necessary for this work will be staged on top of the bridge. Traffic will be flagged beginning with the east bound lane on Monday. On Tuesday, they will switch and flag traffic on the west bound lane.

NEIGHBORHOOD PROGRAMS

Mishawaka River Center Apartments

To supplement the tax credits we were awarded for this project, we applied to Federal Home Loan Bank for \$305,000 in Affordable Housing Program funds. We are allowed to apply for as much as \$750,000, but we have enough funding in place to request a lesser amount. This is a forgivable loan that reduces to a zero balance over the course of 15 years, as long as the project remains affordable. Award announcements will be made in July.

Neighborhood Stabilization Program 3 (NSP3) Grant

As previously mentioned, the Indiana Housing and Community Development Authority awarded the City \$1.18 million in NSP3 funds. The money is to be used in our original NSP1 target area

to mitigate the impact of foreclosed and abandoned properties. We anticipate receiving the contract from IHCD within the next few weeks, and we will proceed with acquisition activities as soon as it's executed.

Habitat for Humanity Builds

Habitat for Humanity is nearing completion of two new houses in our NSP1 target area: 116 East Seventh Street and 715 East Sixth Street. Also, they finished the house at 327 Milburn Court that they started last year. Later in the summer construction will begin at 548 West Sixth Street and 616 East Battell. All of the homes built this year will be two-story.

Summer of Service Program

There are now nine churches interested in working on houses for the Summer of Service program. As of today, we have three qualified participants. We did have four, but one of the properties is not owner-occupied as we had been lead to believe. The addresses are:

2357 N. Main Street - owner 84 y.o.; \$17,981.16 (43% AMI)

1002 Lincolnway East - owner 66 y.o.; \$15,289 (37% AMI)

205 E. LaSalle - owner 70 y.o.; \$13,932 (34% AMI)

We have three more applications for your approval:

918 Charlotte - owner 85 y.o.; \$20,196.48 (49% AMI)

330 Park Ave - owners 57 & 58; disabled; \$25,581 (54% AMI)

540 N. Logan - owner 39; disabled; \$9,336 (23% AMI)

We are working with the City's Code Enforcement Department to identify more garages and homes that require exterior repairs to bring them up to code.

Commissioner O'Dell moved to approve the three applications presented above. Commissioner Mammolenti seconded; motion carried.

FIRST TIME HOMEBUYER PROGRAM

We set a goal of constructing five homes in 2011. Working with Horizon Bank and 1st Source Bank, five applicants have been pre-approved for mortgages. However, after completing third-

party income verifications, it was determined that one applicant's income is too high to qualify for the program. Therefore, we are looking for a fifth applicant.

The first three clients have chosen their lots: 611 E. Third Street, 510 W. 10th Street and 311 Cleveland were selected in that order. Before the 4th applicant can choose her lot, it is necessary for the Commission to approve her for the program. The applicant is a single parent with two children. She earns \$32,000 annually as a 4th grade teacher by American Quality School Corporation, and \$2,160 working part-time (during the summer) for IUSB's Leadership Academy. Her total annual income of \$34,160 places her at 64.15% AMI for St. Joseph County, just \$420 less than the program cut-off of \$34,580 for a household of three. It should be noted that 1st Source Bank has approved her for a primary mortgage of \$80,000.

Commissioner O'Dell moved to approve the applicant above to be part of the First Time Home buyer program. Commissioner Troiola seconded; motion carried.

A privacy fence for the backyard at 501 W. Sixth Street will be installed this week. When that work is complete, sod will be placed in the front yard and the backyard will be hydro seeded.

NEXT MEETING

The next regular meeting of the Redevelopment Commission will be Monday, May 23rd, 2011 at 6:30 p.m. in room 205.

The meeting was adjourned at 7:28 p.m.

Respectfully submitted:

Approved:

Kari Myers, Administrative Planner

M. Gilbert Eberhart, President

Lory L. Timmer, Community Development Director