

REDEVELOPMENT COMMISSION MEETING

November 28, 2011

The regular meeting of the City of Mishawaka Redevelopment Commission was called to order at 6:30 p.m., Monday, November 28, 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: Ken Prince, City Planner, John Gourley, Legal Counsel; Kari Myers, Administrative Planner; and Joe Dits of the South Bend Tribune.

Commissioner Troiola moved to approve the minutes of October 24, 2011, meeting. Commissioner Mammolenti seconded; motion carried.

DISPOSITION OF VACANT PARCEL EAST OF 122 NORTH WEST STREET

At the October Meeting, the Commission approved for disposition an unbuildable vacant lot east of 122 North West Street. This is a remnant parcel that remains after selling the vacant parcel north of 420 Lincolnway West. The lot was advertised for sale. The parcel appraised for \$5,000. At this time we need to acknowledge and read any bids we have received for the property.

One bid was received from Bruce Phillips and Gale Pearson in the amount of \$1,000. Commissioner O'Dell moved to take the bid under advisement and make a decision at the next meeting. Commissioner Mammolenti seconded; motion carried.

Mr. Prince provided the following updates to the Commissioners:

TIF UPDATES

Edison Road and Grape Intersection Improvements The project has been closed out for winter. Remaining work includes resurfacing and re-striping the entire intersection. Given the time of year with increased traffic, and the asphalt plants closing, the decision was made to make the intersection functional and hold off on these final improvements until spring.

Church/Main Connector

Rieth-Riley has made significant progress in the last month. Both signals; Main/Church, and Church/First are functioning. Portions of the landscaping have been installed. The contractor continues to work on the intersection of First and Main, the immigrants sculpture, the ornamental signage, and the Police memorial. .

Douglas Rd Medical Park, Ph II - Construction

The main line, extending Trinity Place from Holy Cross Parkway to Fir Road is complete. Work continues on Coffeetree Court, an internal cul-de-sac.

Edgewater Drive Improvements - Construction.

Project is substantially complete.

Church-Union Street, LWE to Dagoon Trail, Fir Road Expansion, Ph I, Main Street Widening to Four Lanes, ELPW to Day Road, Conceptual Design for Bremen Highway

A detailed update on these projects, as well as the various phases of the Riverwalk, and an update on the Center for Hospice Plans will be provided at the December Meeting.

NEIGHBORHOOD PROGRAMS

Neighborhood Stabilization Program 1 (NSP1)

There were no new updates for NSP 1 project.

Neighborhood Stabilization Program 3 (NSP3)

We are currently pursuing homes to purchase in our target area, but are having little luck due to the small size of the area, the lack of cooperation from national banks, and lack of foreclosures. We are in the process of contracting with appraisers to start the process at 426 W 9th Street.

- 611 East Broadway – Survey being performed by Ed Fisher and demo to follow.
- 410 W 10th Street - Survey being performed by Ed Fisher and demo to follow.
- 511 W 6th Street – After 2 years of communication, the owner of this property has finally agreed to sell to us. Closing is scheduled for the last week of December.

FIRST TIME HOMEBUYER PROGRAM

We will start construction on our fifth and final build for the 2011 First Time Homebuyer Program at 519 W. 6th Street. We will be constructing a ranch style home with 3 bedrooms/2 baths on the main floor and a finished room in the basement with an egress window. A one story home was chosen based on the applicants' needs. A member of the family is disabled. A wheel chair ramp will be included as part of the home's construction. Floor plans were made available for the Commissioners' review.

PURCHASE AGREEMENT 519 W 6TH STREET

This request is for both the approval of the applicant and the Purchase Agreement for the family we would like to move into the home. The applicant was previously discussed with the Commission but was not brought forward for approval by the Commission. The purchase price of the home is \$93,917.50. As per the program, this requires the applicant to obtain a first mortgage of \$63,917.50 and includes a forgivable second mortgage in the amount of \$30,000.00.

- Family of seven
- Mother, Father, Daughter, four children/grandchildren
- Projected income of \$58,265.00 for 2011
- 79.1% AMI
 - o Maximum allowable income for family of 7 is \$58,900.00
- Employed by AM General since January 2002
- Continues to have full time hours as a riveter.

Commissioner Mammolenti moved to continue the purchase agreement to the December meeting to gain more financial information on the adult daughter who will also be occupying the residence.

SELF SUFFICIENCY AGREEMENT APPROVAL

Mr. Prince presented the Lease Agreement with the previously approved applicant for 313 West Eighth Street. Tenant to pay \$500.00 per month for the first 12 months, \$525.00 for the next 12 months, and \$550.00 for the 25th month through December 2013 at which point she is expected to purchase the home. If completed, this will provide a \$12,850.00 down payment for the purchase of the property. Commissioner O'Dell moved to approve the Lease Agreement for 313 W. Eighth Street. Commissioner Gebo seconded; motion carried.

LOAN SUBORDINATION AGREEMENTS

This subordination agreement with Brian R. and K. L. White will keep us in the 2nd Lien position with our Forgivable Loan. The original loan amount from February 28th, 2005 was \$24,944.50. As of November their payoff on this loan is \$7,483.42. The reason for the Subordination Request stems from a divorce which is resulting in a required refinance.

APPROVAL OF WHEELCHAIR RAMP APPLICATION

The applicant living at 313 Ward Ct. is a retired mother and takes care of her of a 50 year old son. Mrs. Collins is the primary caregiver of her son who is handicapped. David has not been out of their home in nearly a year because of difficulty in maneuvering his wheelchair without a ramp for assistance. The most prevalent reason for a ramp would be the safety of David in the event of a fire or mishap that would require ease in his exiting the residence.

The applicant is at 48% AMI and meets the qualifications for the program, staff is recommending approval. Commissioner O'Dell moved to approve the applicant's application for a wheelchair ramp. Commissioner Troiola seconded; motion carried.

FUNDING FOR MISHAWAKA RIVER CENTER APARTMENTS

As presented at the October Commission meeting, the following bids for rehabilitation of the old school into 32 senior citizen apartments were received at the October 18 meeting of the Board of Public Works and Safety:

<u>Contractor</u>	<u>Base Bid</u>
Ziolkowski Construction	\$7,317,000
Majority Builders	\$7,480,000
Gibson-Lewis Construction	\$7,650,000
Casteel Construction	\$7,670,000

The previously approved budget for this project, including all of our funding sources, is \$7,300,000.

Mr. Prince outlined the process that we have gone through to formulate a recommendation to the Commission:

In 2009, the project was conceived at roughly 5 million in construction costs. After getting through the building, the City's consultants estimated the construction cost at 6 million and funding for the project was set based on this valuation.

As part of the construction document process, the last estimate we received was for 6.6 million. At that time, Mrs. Timmer had the architect prepare a number of deduct alternates to help address the increase in construction costs. At the time, bids for other public works projects were coming in about 10% less than engineer's estimates due to the economy. Unfortunately, the base bid for this project came in roughly 10% over the estimate for the project.

Mr. Prince said with Lory's departure, and the increased costs, he felt it important to provide a systematic approach to formalizing a recommendation to the Commission. In order to do this, the following questions needed to be answered:

- What exactly is the increase in funding required?
Previously approved \$2,218,000.00
New commitment \$3,977,193.00
Increase in funding required- \$1,759,193.00
Of that additional funding, \$495,000.00 is the developer fee, \$579,369.00 is a proposed contingency 190,000 is a bid contingency

\$1,264,369 yet to be expected, but allocated to the project

Real/actual dollar increase \$494,824.00

- Is the increased funding available if we decide to proceed?
Yes, in reviewing the projects currently bid and on the horizon, the increase can be worked into the queue. The NWTIF generates in excess of 20 million dollars a year. Most of which is allocated to utility and road improvements.
- Is there a deficiency or unknown condition that led to higher bid costs, and were the drawings/bid documents and specific enough?
In addition to my review, and the review of our project team, the City retained DLZ as an additional project team member to review the documents. DLZ also provided another set of eyes to evaluate potential value engineering. We also met with the apparent low bidder, Ziolkowski Construction, to help understand if any of these conditions existed. No deficiency or unknown condition was found. Although there were 200 pages of addenda issued in clarification to the bid documents, many of these were a result of the contractor's inspection and evaluation process, and as a result, most of the unknowns were quantified and not a factor in the higher bids received.
- Is the scope of the project greater than what was originally envisioned?
Meets what was committed to in the application process. The City did add scope to the project by acquiring the adjacent property and increasing the storm water retention requirements for the property. This contributed to the higher costs, but it was not the sole factor
- Is there a way to save additional funds to bring the project in on budget?
The project team reviewed the documents, the required program and developed five pages of value engineering items. Examples include: elimination of a second sign,

elimination of the flagpole, change in roofing material, eliminating brick piers, not installing a new elevator. Overall, a lot of good ideas were generated that could offset costs and potential increases based on unforeseen conditions.

- Should significant adjustments to the project be made that would require the rebidding of the project?
Staff would estimate that there may be a few hundred thousand dollars (roughly 3%) that could be saved with value engineering. Although changes were brought up as part of the value engineering process, staff felt that the cost savings and scope change were likely not significant enough to warrant the rebidding of the project. At best, staff feels that value engineering items could be incorporated to help offset anticipated change orders for the project, but that no real savings can be counted on. It should also be noted that as a publicly bid project, subject to Indiana's public bid statute and that any changes that occur to the project would have to occur in accordance with the statute if the Commission approves it as bid.
- Does rebidding impact the availability of the tax credits that were awarded for the project?
It has the potential to delay the funding of the project.

In summary, staff has prepared Resolution 2011-21 that increases the commitment of the Redevelopment Commission in accordance with the revised project budget prepared by Neighborhood Development Associates. Commissioner Gebo moved to approve Resolution 2011-21. Commissioner Troiola seconded; motion carried.

ANYTHING BROUGHT BEFORE THE COMMISSION

Mr. Prince said an ad had been placed advertising Lory's vacant position.

NEXT MEETING

The December meeting has been moved to December 19, 2011 as the Council meets the same evening. The meeting will start at 6:00 p.m. instead of 6:30 p.m.

The meeting was adjourned at 7:25 p.m.

Respectfully submitted:

Kari Myers, Administrative Planner

M. Gilbert Eberhart, President

Kenneth B. Prince, City Planner