

June 20, 2023, Regular Meeting Minutes
HOBART REDEVELOPMENT COMMISSION

President Carla Houck called the June 20, 2023, regular meeting of the Redevelopment Commission (RDC) to order at 8:31 a.m. The meeting was held in the City Council Chambers at City Hall, and also via Zoom with the public issued a dial-in number to allow listening and participation capabilities. The Pledge of Allegiance was recited. Members present: Carla Houck, Shawn Kelly, Matthew Claussen, Pam Broadway (*arrived during Old Business*), and Stuart Schultz. Members absent: Marsha Plesac. Also present: Beth Jacobson, Director of Development; Ryan Cook, RDC Attorney; Heather McCarthy, City Attorney; Deborah Longer, Clerk-Treasurer; Brian Snedecor, Mayor; Bob Fulton, Assistant to the Mayor; Phil Gralik, City Engineer; Alex Olesker, Deputy City Engineer; Greg Balsano, Baker Tilly; Jocelyn Hinshaw, American Structurepoint (*via Zoom*); Eric Wolverton, American Structurepoint (*via Zoom*); Jake Dammarell, Butler Fairman & Seufert (BF&S); and Dawn Hostetler, RDC Recording Secretary.

Under **Approval of Agenda**, a motion was made by Mr. Claussen to approve the agenda as presented; seconded by Mr. Kelly. All ayes; motion carried. (3-0)

Regarding the **Minutes of May 15, 2023, Regular Meeting**, a motion was made by Mr. Claussen to approve the May 15, 2023, Regular Meeting minutes as presented; seconded by Mr. Kelly. All ayes; motion carried. (3-0)

Regarding the **Treasurer's Report**, the May investment statements for Fund 4445 and Fund 4450, plus the most current fund & appropriation reports for Fund 4445, Fund 4450, Fund 4455, and Fund 2527 were distributed in the RDC meeting packet. There were no questions or comments.

Under **Old Business**, the first item was the **Approval of 2024 Redevelopment Commission Budgets (Fund 4445, Fund 4450, Fund 4455, and Fund 2527)**. Ms. Houck noted that Ms. Jacobson updated the 100 series of both Fund 4445 and Fund 4450, and sent those via email to the Commission. She said upon the RDC's approval, these budgets will then be presented to the City Council for final approval. A motion was made by Mr. Kelly to approve the 2024 RDC budgets for Fund 4445, Fund 4450, Fund 4455, and Fund 2527; seconded by Mr. Claussen. All ayes; motion carried. (4-0)

Under **New Business**, the first item was the **Annual Meeting with Taxing Units**. Mr. Balsano stated that each year, redevelopment commissions across the state are required to host a meeting for the overlapping taxing units to learn about the RDC's activities and long-term plans as well as the impact TIF has on the taxing units. He said the information presented is an extension of the annual TIF estimates provided to the RDC. He first called attention to maps of each of the three TIF districts and noted that there are a total of four allocation areas. Mr. Balsano then presented an overview of the outstanding redevelopment debt obligations. He said the main purpose for issuing this debt is to fund various public improvement and infrastructure projects. He noted that the Redevelopment District Bonds, Series 2022 are the only redevelopment bonds anticipated to be paid from a property tax levy. He said all the other redevelopment debt is paid from TIF revenue. He pointed out that the Taxable Economic Development Tax Increment Revenue Bonds, Series 2022, which is a developer purchased bond, is payable solely from the revenues generated by the Albanese development.

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Mr. Balsano reviewed a summary of outstanding non-redevelopment debt related to other City issued bonds that are payable from other sources other than TIF revenue. He then provided an illustration showing various taxpayer impacts and the tax levy needed if projects funded by the RDC through TIF revenue were instead funded by tax payable debt. He stated that for 2023, the additional property tax rate that would need to be generated in order to pay all the debt payments currently being paid from TIF revenues is approximately \$0.1425. He gave an overview of the impact to the average tax payer in Hobart. Property taxes would increase by \$48.17 for a home valued at \$100,000, nearly \$111 for a home valued at \$167,800, and about \$140.79 for a home valued at \$200,000 if projects were funded by property taxes rather than TIF revenue. In addition, property taxes would increase by \$2.71 per acre of farm land, and \$142.50 for a \$100,000 business. This illustrative impact does not take circuit breaker tax credits into account.

Mr. Balsano reviewed a comparison of estimated tax increment and outstanding debt obligations within the 61st Avenue and SR 51 allocation area. He noted that for 2023, the total estimated tax increment revenue to be received in this district is around \$3.4 million, and the debt payments are about \$2.5 million. Mr. Claussen asked if the estimated revenue is based solely on the assessed value (AV) of existing properties within this TIF area. Mr. Balsano said that is correct; the estimates do not assume any new developments in this area. He said the reason for the estimated increase in revenue is due to the expiration of tax abatements. Mr. Balsano then reviewed a comparison of estimated tax increment and outstanding debt obligations within the SR 130 and Downtown allocation area in which the only outstanding debt is the 2015 Lease Rental Bonds. He stated that the tax increment revenue estimated to be received each year is approximately \$530,000, and the debt service payments are about \$230,000 each year. He noted that there is sufficient coverage to make lease rental payments as well as fund other expenses in this district.

Mr. Balsano reviewed a comparison of estimated tax increment and outstanding debt obligations within allocation area #2 of the US 30 and 69th Avenue Economic Development Area (EDA). He noted that these estimates include AV for the new Albanese development. He stated that if no revenue is received in this allocation area, the bond would not be paid. He explained that if this were to happen, the default would not be the City's because this is a developer purchased bond. Mr. Balsano stated that the estimated tax increment revenue to be received this year is about \$280,000, and the debt service payments are about \$60,000. He explained that as the revenues rise, the debt service payments will also rise. He noted that beginning in 2028, if there is excess TIF revenue after debt service payments, 50% of the excess revenue will go toward paying down the bonds quicker. He said the debt service payments rise to the highest point at around \$950,000, whereas the revenue's highest point is about \$2.6 million.

Mr. Balsano reviewed allocation area #1 within the US 30 and 69th Avenue EDA. He noted that there are some outstanding appeals related to the Southlake Mall property within this allocation area. He stated that in the spring of 2022, this allocation area received about \$104,794 in TIF revenue. However, in the fall of 2022, there was a negative distribution of \$44,062 due to some appeals that settled between the spring and fall TIF distributions. Therefore, the total revenue received for this allocation area in 2022 was \$60,732. Mr. Balsano stated that for pay year 2023, two estimates have been prepared as best case and worst case scenarios due to the significant number of outstanding appeals in this area. He said if no outstanding appeals are settled, the

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estimated TIF revenue to be received this year is \$417,650. However, if all the outstanding appeals were to be settled at a 20% net AV reduction, no TIF revenue would be received because the incremental assessed value would fall below the base AV and be slightly negative. Mr. Balsano indicated that he is in the process of gathering information from the county and the state to gain a better understanding of the likelihood and level of reduction that these appeals may be settled at. He said he hopes to provide a more detailed analysis of the outstanding appeals once the requested information is received from both the county and the state. Ms. Longer reiterated that the 2022 Redevelopment District Bonds related to the Southlake Mall appeal settlement has a property tax levy; therefore, no TIF revenue will be used to pay that bond. Mr. Balsano said that is correct. Ms. Houck said that as she thinks about other properties that could have the same impact as the mall did in terms of appeals, Albanese comes to mind. She asked how the City can mitigate the risk if they were to file an appeal in the future. Ms. Longer indicated that they currently have several abatements, in which the abatement process requires that the assessed value (AV) must not drop below a certain amount or they will lose their abatement. Ms. Houck noted that the abatements will eventually drop off. Ms. Jacobson stated that their developer purchased bond is set up such that if they were to appeal on property tax assessments for the portion that the bond is covering, it may put them in a situation where there is not enough TIF revenue generated to be able to make the bond payments. Mr. Balsano concurred that there are provisions in the bond agreement related to appeals. He explained that if they were ever to appeal to a point that their taxes were below the bond payment, they would not receive the full bond payment amount. Ms. Longer stated that there have been some changes in the legislation that limit the number of years the appeal can go back to two or three years, not ten years. Ms. Broadway said she thought the mall appeals went back at least ten years. Ms. Longer explained that the mall appeals started over ten years ago, but it just took that long to get through the court system and appeal process. Mr. Claussen said that there are a number of businesses that currently have abatements, and there are assurances that they cannot appeal below a certain AV while the abatements are in place. However, those abatements have end dates, so the concern is that these businesses may appeal once the abatement expires.

Ms. Jacobson provided an overview of the RDC's activities in 2022. She stated that a ribbon cutting ceremony was held for the 69th Avenue Improvement Project, and the RDC approved resolutions to issue special taxing district bonds of the Redevelopment District of the City of Hobart. She noted that the RDC approved a development agreement and purchase agreement for Hickory Hollow subdivision and also awarded the Lakefront Park Refuse Enclosure Project to Grimmer Construction. She stated that the RDC awarded and approved payment of façade, signage, and awning grants in a total of \$40,388.90. The grant recipients included Lira's Lane and Tavern on the Lake. Additionally, the RDC approved Education & Worker Training Grant payments to the School City of Hobart (SCOH) and River Forest Community School Corporation (RFCSC) in a total amount of \$25,815.66 for 2022 grants, and awarded 2023 grants to the SCOH and Merrillville Community School Corporation (MCSC) in a total amount of \$30,000.

The next item of business was the **Landscape/Hardscape Projects – Approval of Addendum to Professional Services Agreement with American Structurepoint**. Ms. Jacobson recalled that at the May 15th meeting, the RDC discussed a desire to expand the scope of work related to the road evaluation portion of the contract with American Structurepoint. She called attention to a document in the meeting packet labeled Amendment No. 1, which outlines the additional items

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that were added to the contract. Mr. Wolverton reminded the Commission that this contract is based on an hourly not-to-exceed rate, which means the City will only be billed for hours worked on the project. Ms. Jacobson reviewed the addendum to the contract. She said items added to the contract include four additional virtual meetings with American Structurepoint, an analysis of the feasibility and related costs of lowering the retaining wall, evaluation of accident data, and comparison of traffic volumes with other comparable single-lane roundabouts. The addendum also includes identification of traffic calming options that may help slow traffic approaching the roundabout, then ranking them from greatest cost-benefit to the lowest cost-benefit, and also ranking them for lowest to highest costs. Other items added to the contract include preparation of renderings associated with three traffic calming options and the evaluation of modifications to the grading and landscaping around the masonry wall. Additionally, American Structurepoint will provide a cost estimate for removing the retaining wall entirely and evaluate any safety concerns that may arise from this removal. The final item is the preparation of a report that contains all the analyses, evaluations, recommendations, and cost estimates, which includes contribution from Mike McBride, who is a roundabout expert within American Structurepoint.

Mr. Gralik distributed an elevation sketch of the 61st Avenue and Colorado Street roundabout. He stated that based on discussion at the last RDC meeting, he drove through this roundabout multiple times to try to understand why some motorists are expressing concerns about visibility and reaction time. He said he realized that the landscaping and soil around the retaining wall ascend at a steep angle, which blocks a portion of oncoming vehicles. He indicated that the center wall is 28 feet wide, but with the steep soil and vegetation, the field of vision is blocked by about 45 feet. Mr. Gralik stated that in comparison, the center of the 69th Avenue and Colorado Street roundabout is approximately 47 feet, but the diameter is much larger than the 61st Avenue roundabout. He explained that the soil and landscaping at this particular roundabout is much higher compared to the roundabout at 69th Avenue and Colorado Street, which is a contributing factor in the sight distance issues. He suggested leveling the soil and landscaping to see if that improves visibility before taking any drastic action such as removing the wall. He indicated that there are a couple of obstacles involved with removing the soil. He explained that when the landscaping was designed, there were concerns about the plants invading each other's spaces, so concrete curbs were poured under the mulch to keep the roots from crossing; therefore, this concrete will need to be removed. Mr. Gralik stated that the other issue is that the wall itself is resting on a poured concrete foundation, which is visible just above the mulch. He explained that if the soil is lowered, there would be about 18 inches of concrete exposed that would need to be concealed. He suggested installing brick or stone masonry to the exposed concrete to enhance the appearance if the removal of soil and vegetation alone fixes the sight line issues. He indicated that this option would be much more cost-effective than removing the wall. He also noted that the wall is not concentric, so if the top two layers of limestone are removed, the capstones will not fit the bottom layer and there would be a deep ledge sticking out farther than the capstones. Ms. Broadway suggested that any limestone blocks that are removed could be used at future planned roundabouts. Mr. Gralik stated that his understanding from studying the as-built drawings is that the blocks are doveled and mortared together, so they would likely be damaged as they are removed. He said part of the addendum to the contract with Structurepoint includes cost estimates for both the lowering and the removal of the retaining wall. He indicated that either of these options would require approval by the Board of Works. He said once all the estimates are received, then the RDC can make decide which option is most feasible. Ms.

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Broadaway stated that her concern with leveling the soil is that the retaining wall would appear even taller. Ms. Houck said she thinks the RDC's decision may ultimately be a combination of options. She indicated that she believes the Commission is in agreement to execute the most economical, yet most effective strategy. A motion was made by Mr. Claussen to approve the Amendment No. 1 of the professional services agreement with American Structurepoint; seconded by Mr. Kelly. All ayes; motion carried. (4-0)

Regarding the **Infrastructure Project Updates – Phil Gralik**, Mr. Gralik stated that the US 30 and Colorado Street federal safety project is now under construction. He reported that the letting date for the Local TRAX project is still scheduled for July. Regarding the 61st Avenue and Marcella Boulevard project, Mr. Gralik said the City is in the process of finalizing the terms of an agreement for the acquisition of one right-of-way parcel. He noted that there is one parcel that is in condemnation. He stated that the letting is still schedule for December; however, there may be a need to shift it to January or February. He said construction of this project is still on track to begin next spring. Mr. Gralik reported that construction of the 3rd Street project is expected to begin soon. He said Dyer Construction should begin mobilization later this week. He indicated that they are waiting on some manholes, but the pipe should soon be delivered to the job site. He said he anticipates demolition of the westbound lanes will begin right after the Fourth of July. Ms. Houck said she has been getting questions from the community about the TRAX Project. She asked Mr. Gralik if there is sufficient distance between the bridge approach and the roundabout. Mr. Gralik stated that when the roundabout was constructed, the north leg was built with a slight hill, which is intended to serve as the start of the bridge approach.

The next item of business was the **Lakefront Park Refuse Enclosure Project – Status Report (Alex Olesker)**. Mr. Olesker reported that the construction of the refuse enclosure is complete. However, there are some punch list items such as seeding the grass, and clean-up of some paint that was spilled when the concrete was curing. He said a retainage of \$3,000 is being held until the seeding is done.

Regarding the **82nd Avenue Extension Project - Status Report (Alex Olesker)**, Mr. Olesker reported that the stone base and curbs have been installed, and the castings have been set. He indicated that the contractor should begin paving this week, and the substantial completion date is projected to be June 30th.

The next item of business was the **Acknowledgement of Pre-paid Register of Claims**, which is needed for documentation purposes in rare instances when the Clerk-Treasurer's office must pay invoices that are due prior to an RDC meeting. Ms. Jacobson stated that the prepaid register of claims includes a payment to the NWI Times (Lee Enterprises) in the amount of \$137.11, which is related to the bid advertisement for the Landscape/Hardscape Project. A motion was made by Mr. Claussen to approve the pre-paid register of claims in the amount of \$137.11; seconded by Ms. Broadaway. All ayes; motion carried. (4-0)

Ms. Jacobson reviewed the invoices on the **Register of Claims**. A motion was made by Mr. Kelly to approve the register of claims in the amount of \$3,200.00; seconded by Ms. Broadaway. All ayes; motion carried. (4-0)

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<u>Invoice Date</u>	<u>Invoice Number</u>	<u>Claimant</u>	<u>Amount</u>
5/31/2023	16345M-13	Eichhorn & Eichhorn	\$300.00
5/31/2023	16340M-10	Eichhorn & Eichhorn	\$2,200.00
5/31/2023	16342M-8	Eichhorn & Eichhorn	\$700.00
Total:			\$3,200.00

Regarding the **Approval of 2020 Bond Register of Claims**, Requisition No. 45 includes a payment to INDOT (Invoice 77293) in the amount of \$148,938.75 for railroad services related to the local TRAX project; two payments to Eichhorn & Eichhorn: Invoice 16533M-10 in the amount of \$980.00 for legal services related to the 69th Avenue project, and invoice 16346M-11 in the amount of \$40.00 for legal services related to the Local Trax project; and payment to the Board of Works in the amount of \$743.20 for reimbursement of legal fees paid to Westland & Bennett related to TIF eligible parcel acquisition (Parcel 8) for the 61st Avenue and Marcella Boulevard project. A motion was made by Ms. Broadaway to approve Requisition No. 45 in the amount of \$150,701.95; seconded by Mr. Claussen. All ayes; motion carried. (4-0)

The next item of business was the **Approval of Economic Development Revenue Bond, Series 2022 Register of Claims**, which is the 82nd Avenue construction fund for the Albanese bond. Requisition No. 12 includes reimbursement to the Board of Works for two payments in the amounts of \$96,555.64 and \$254,036.34 to G.E. Marshall for construction services, and two payments in the amounts of \$14,120.74 and \$14,282.18 to NIES Engineering for engineering work related to this project. A motion was made by Mr. Claussen to approve Requisition No. 12 in the amount of \$378,994.90; seconded by Ms. Broadaway. All ayes; motion carried. (4-0)

Staff Report – Ms. Jacobson reminded the Commission that there is a credit on the Eichhorn & Eichhorn invoices related to the 61st Avenue and Marcella Boulevard project due to overpayment of one of these invoices. She called attention to a spreadsheet that was included in the meeting packet, which tracks this credit as invoices are received. She noted that the current credit is \$660. She said that this spreadsheet will be updated as invoices are received and will be included in the RDC meeting packet until the charges exceed the credit.

Ms. Jacobson called attention to a “Save the Date” flyer for the Redevelopment Association of Indiana (RAI) meeting and site tour, which is scheduled for Friday, September 22nd in Columbus, Indiana. She invited the RDC members to attend.

Ms. Jacobson stated that an addendum to the bid advertisement for the Landscape/Hardscape project was included in the meeting packet. She explained that the addendum simply extends the deadline to receive bids to June 23rd.

Attorney Cook reviewed some legislative amendments that are pertinent to the RDC. He stated that beginning next year, the RDC president and vice-president can no longer have the same appointing authority. He reminded the Commission that per statute, three members must be appointed by the mayor, and two must be appointed by the City Council. Additionally, he reported that the Commission may now spend TIF revenue for police and fire services for both

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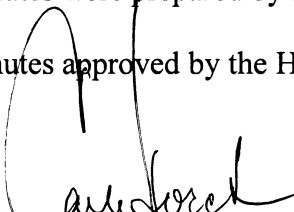
capital and operating expenditures. Attorney Cook stated that effective January 1, 2024, the Commission will be required to develop a spending plan for the next calendar year. He noted that this spending plan must be filed with the Department of Local Government Finance (DLGF) no later than December 1st each year. This means that by December 1, 2024, the Commission must develop a spending plan for calendar year 2025. He stated that the statute indicates that the RDC cannot deviate from the spending plan. He indicated that the DLGF is expected to publish regulations, but has not yet done so. He said he plans to attend the annual municipal law seminar later this week, and he hopes to glean more information then. Mr. Claussen asked how this new spending plan is different from the budgets that the RDC approves each year. Ms. Jacobson said she believes the spending plan is intended to outline specific projects, but the guidelines have not yet been released. Ms. Houck asked if this means that the Commission can no longer be flexible in terms of participating in various projects. Attorney Cook said that his assumption is that the RDC will need to develop a spending plan that not only identifies specific projects, but also specifies alternative projects as well. Attorney Cook reported that there is also new legislation regarding residential TIF, which does not take effect until July 1, 2027. He said Ms. Jacobson has expressed interest in learning more about this topic, so he will study the statute in more detail so he can have a discussion with the RDC about its ability to establish residential TIF areas for development purposes. Ms. Jacobson stated that there is not currently anything on the horizon, but she thinks it is important for the Commission to know what options are available.

Mayor Snedecor reported that immediately after tomorrow's City Council meeting, there will be a ceremony at the clock tower to acknowledge Former Mayor Linda Buzinec for her contribution to the beautification of the City's Lakefront as well as her many years serving as councilwoman and mayor. He said a plaque will be placed on the clock tower in her honor, and he invited the Commission to attend.

Adjournment - The meeting was adjourned at 9:28 a.m.

Minutes were prepared by Dawn Hostetler, Clerical Assistant to the Director of Development.

Minutes approved by the Hobart Redevelopment Commission on July 10, 2023.



Carla Houck, President



Attest: *MARSHA PLESAC, SECRETARY*