



## CITY OF FRANKLIN

Community Development Department

### MINUTES

#### REDEVELOPMENT COMMISSION

November 17, 2015

#### **Members Present:**

Bob Heuchan	President
Jay Goad	Vice-President
BJ Deppe	Secretary
Rob Henderson	Member
Danny Vaught	Franklin Community School Corporation Representative
Richard Wertz	Member

#### **Others Present:**

Krista Linke	Director of Community Development
Julie Spate	Recording Secretary
Rob Schafstall	Legal Counsel

#### **Call to Order:**

Bob Heuchan called the meeting to order at 8:00 a.m.

#### **Approval of Minutes:**

Jay Goad made a motion to approve the October 20, 2015 minutes. Richard Wertz seconded the motion. The motion carried.

#### **Old Business:**

#### **Shell Building Discussion:**

Rob Henderson introduced today's guests – the Linville family/landowners, Runnebohm to speak about the structure, two industry experts from the industrial manufacturing brokerage world/Jim Karozos from Colliers and Mark Witt from CBRE and Cheryl Morphew from JCDC. If reaction to today's presentation is positive, the next step would be a similar presentation to City Council and then back to RDC in December.

Cheryl Morphew presented the lead activity JCDC has been tracking for existing building requests, what the state has been seeing and the site requests received. From January through October approximately 300 existing building leads received were predominantly for 10,000-150,000 sq. ft. Franklin's first shell building was about 51,000 sq. ft., expandable up to about 132,000. Greenwood is working on shell buildings as well but considering a different product from Franklin. The majority of land site requests received are from 10-40 acres and then jumps up to over 200 acres which would be difficult for Franklin's business parks because that type of land is not available anywhere in Johnson County. IEDC data for January-June of 2012-2014 reports successful projects at 50-200,000 sq. ft. There are 19 shell buildings throughout the state as of October ranging in size from 43,000 sq. ft. to over one million sq. ft. Nine of the 19 are in the 50,000 sq. ft. range, expandable up to 300,000 sq. ft. The majority of these are not in communities Franklin competes with on a regular basis.

Mark Witt thinks it's important for the community to have the correct product, also making the building as generic as possible to fit as many different types of industry as it can. A 40-50,000 sq. ft. footprint would put

Franklin in competition with Shelbyville, Greenfield, Plainfield, Anderson, etc. Key factors for a potential client are how far from the airport is from the building and where is their labor coming from. Franklin is in a good area for this but the market is shallow for the number of tenants looking at the building. Eighteen to 24 months is his projected time to allow for a sale. The first goal of a building is business attraction. Mr. Witt recommended a footprint that would allow doubling in size and enough land for dock space, typically one dock per 10,000 square feet. He further recommended room for two tenants in case they needed to have trailer parking space and even if it's a single tenant, they have room to grow. Once the building is maximized to its full potential, traffic still needs to be able to circle the entire building. Mr. Heuchan asked who CBRE is. Mr. Witt explained they are the largest real estate agent on the planet and used to be Caldwell Banker.

Mr. Karozos from Colliers International echoed what Mr. Witt said. He added that in addition to a 35% coverage ratio for the land being considered, consider two buildings instead of just one. Consider whether it is a single- or multiple-use building that can be expanded as there seems to be a need for both now.

Mr. Heuchan asked Mr. Henderson to give an overview of the project. Mr. Henderson said his clients see a lack of inventory for five acre and less projects and 20-30,000 sq. ft. A lot of time was spent looking at this property at the north end of the industrial park. There appeared to be some scab land between Premium Composite Technologies and Anderson Direct Shot. Discussion was had with the Linvilles to investigate how this irregularly shaped 70 acres could be opened up into something marketable. This concept could allow a small user and a large user to still have the 40-acre site. Mr. Heuchan asked if the discussion is to put some money into the "brown and blue area." Mr. Henderson explained it would be minimal if any, primarily doing some of the surveying which is substantially done through Banning Engineering. There could be a road stub put in off the bypass to show how that would look in order to access the back. One concept considered was to put two five-acre lots in there. The minimum build there is five acres. The discussion here tonight is for feedback from the commission and then to take it before City Council as well for their feedback. Mr. Heuchan asked if what is currently being considered is the "orange area." Mr. Henderson explained that they explored that site and a nine-acre site directly south of the Hetsco building, north of Pridgeon and Clay, and that site was found to be secondary to what this site could do. That site could also be marketed and sold, but something better could maybe be done north of there in presenting a larger master plan. Mr. Henderson does not foresee the outlay for a road to nowhere. Rather, just to show a stub off Commerce Drive to show how that could all connect and be opened up into multiple users. The committee's preferred plan at this time is a single building on the location off Graham Road with even just initially a stubbed out road off the bypass.

Chris King sited the concept to be something very similar to the form of the previous project. The model was proven to be pretty good for the widest number of tenants possible. It needs to be as flexible and generic as possible. If a way can be designed to utilize a portion of the 70-acre site that is not currently very utilizable, it gives the opportunity to leverage those other sites. If Franklin starts with an initial 50,000 sq. ft. building set up for docks and the possibility of a future road that would connect to the larger site or go all the way around, there would be additional options. The value of the green space is right there and they can envision the rest. This 70 acres seemed like the best opportunity at this point. The other smaller, narrower site is more limiting and less flexible. Mr. Henderson suggested discussing financing structure at the December meeting. Mr. Karozos explained that other communities are using a similar approach -- what fits the community, what direction do they want to go, coming up with a nice, generic, spec building. The clear height is crucial as it can't be changed. There are 14 spec buildings in central Indiana and only one is under 100,000 sq. ft. There is not much product in this area.

Mayor McGuinness was not initially excited about this 70-acre location due to larger projects coming in possibly perceiving it to be chopped up, so was more excited about something along Commerce Drive. He is now convinced that this may be the best location Franklin has. There are two business parks in town where a shell building could be used, one at this site and the other location is the tech park on the east side of I-65. It's

64 acres and can only be sub-divided down into 25-acre parcels at a time. Franklin doesn't need that large a space but more in the range of 10-12 acres. Franklin is a manufacturing location, not as much distribution. The mayor is much more interested in fewer jobs with higher pay than more jobs at lesser pay and is in full support of this location. Mr. Heuchan highlighted the plan to present at the next City Council meeting and then it would be back to the RDC at their December meeting.

#### **Creation of new TIF District Discussion:**

Richard Wertz reported that ground breaking has occurred for Kroger and Meijer is going to happen next year or in 2017. If a new TIF district was created, Mr. Wertz thinks along the 31 corridor from Knollwood down to maybe Jefferson Street, taking those restricted funds to make improvements allowing sidewalks, lighting and crossovers. The project is a little time sensitive due to the Kroger start. It's a way to use a set amount of money in a restricted area for improvements. Without a TIF there, the city and state are going to have a difficult, long time handling the US31 corridor. Krista Linke spoke to Jeff Peters about the financial impact of these TIF districts and he mentioned further research had been done on some of the surrounding parcels done through the planning office, and the differences he calculated based on those changes was negligible. Mr. Heuchan asked whether this had been discussed at City Council. Mr. Wertz confirmed it had not. He has talked one on one to some councilmen and has received a mixed bag of reactions. Mr. Heuchan asked if proposed improvements would be along or off the highway. Mr. Wertz envisions taking the corridor on both sides of 31 and come up with trails or paths to allow access in all directions.

Mayor McGuinness reviewed that in partnership with Franklin Community Schools funding has been received for a pedestrian crossing in front of the middle school connecting to Mallory Parkway. Last night city council appropriated the funds to purchase the rest of the right-of-way, roughly three and a quarter to three and a half miles of trail that will connect Eastview and King Streets, ultimately connecting with the high school trail on the west side of 31. The trail project connecting to the high school trail is due to go to construction next summer. Mr. Heuchan asked if there is money available for the crossover by the middle school and Mayor McGuinness confirmed there is and that the funding was awarded as a 90/10 split, 90% coming from federal highway and 10% coming from local funds. Splitting the 10% match has been discussed with the school. Mr. Heuchan reviewed the options – in the Kroger area and the Meijer area all the way up to Knollwood. From a timing and logistic standpoint, he thinks it would be easier to pull off the TIF area that would go from Meijer to Knollwood. Mr. Heuchan asked how this is moved from a discussion to taking some sort of action; what is the next step. Mayor McGuinness doesn't believe a TIF from Jefferson to Knollwood is a good idea because it would TIF an area you won't ever see benefit from. Whatever the taxes are on the assessed property values on the day you approve creating the TIF is the money that is divided amongst all the taxing units. Only the growth on those assessed property values is what the RDC will receive dollars on. When Mr. Wertz was thinking of the TIF originally he was only thinking of the footprint in front of Meijer and Kroger and touching 31 so the dollars could be used to along the 31 corridor north and south of those two entities. Mr. Deppe stated his opinion that assuming both that Kroger goes up and it attracts more development, now is the time to TIF it. Mr. Henderson clarified that the Kroger site is 22 acres and they are building on half of it, but Mr. Wertz is referring to the entire 22 acres. Mr. Wertz confirmed. Mr. Henderson believes the Franklin Marketplace will someday be absorbed. Whether those on this commission will be dispensing with TIF dollars or not, the city has historically used TIF for infrastructure and economic development. In 10-15 years the current districts will start to fade out, bonds will be repaid and we need to equip future mayors, city councils and redevelopment commissions to address infrastructure and redevelopment. So Mr. Henderson is in favor of moving forward. Jay Goad asked for a definitive definition of it's "difficult to get money from the state" and what the process is. Mr. Goad had asked previously what would happen if there wasn't a TIF district and was told the city would have to raise the money. Mr. Goad stated that since the statehouse is not in support of public education, he wonders if they do this intentionally, making communities rely on TIF districts, taking money from the schools as a result. He thinks this privilege has been abused to death. Mayor McGuinness explained that Franklin would never receive funds for US 31 because it is a federal highway. Franklin could apply for trail grant money.

Mr. Goad clarified that anything done along 31 would be local funds, a normal public works project. Mayor McGuinness explained that INDOT is the overseer of all the roadways in Indiana and most likely are never going to give permission to touch their road. The Daily Journal has cited one of the most dangerous intersections in Johnson County is US 31 and Main Street/Westview. It is on INDOT's five-six year plan as of three years ago and it is still now on their five-six year plan. Since local funds can be used for these projects, Mr. Goad asked why the rush to make this a TIF district when the city could have time to build a case and go to the taxpayers identifying the funds needed for the tax base. Mayor McGuinness reminded that the city's budget expenses are significantly driven by operations. Salaries and equipment are the biggest percentages of the city budget. Mr. Goad highlighted that the schools aren't flush with cash either and have large payrolls as well. Mr. Heuchan asked Mr. Wertz if the TIF district shouldn't be created before the improvements are built, for example Kroger. Mr. Heuchan doesn't envision walking trails right along the highway. Any walking trails would be along access roads. Mayor McGuinness reminded that Franklin's city ordinance requires that any builder of a new development of any kind is required to put in walkability access. Danny Vaught asked how long the TIF district would be in effect for. Mr. Wertz responded that it's negotiable, not required to go a full 25 years. Mr. Heuchan deems the next step to be a declaratory resolution prepared for the next meeting and then on to City Council and the Plan Commission. Mr. Wertz explained that what prompted this is the access to Walmart, specifically on the east side of 31, by North Main up to the Walmart.

Mr. Wertz made a motion to bring a declaratory resolution to the next meeting. A second was made by Mr. Henderson. Mr. Deppe asked what Mr. Wertz envisioned as to the area that would be identified in the resolution. Mr. Wertz explained input would be sought from Mayor McGuinness and Travis Underhill and how it touches 31 and how far. The motion passed 4-1 with Mr. Goad voting nay.

**Resolution 2015-26: \$500,000 Grant to the Franklin Development Corporation:**

Ms. Linke explained that this is continued from the last meeting. Rob Schafstall identified that the latest draft correctly allocates \$100,000 of the \$500,000 for residential purchases or leases for low to moderate income residents and \$400,000 for commercial rehab. Mr. Henderson asked what fund is being proposed for this resolution. Mr. Schafstall said it is not set up to come out of bond funds. Mr. Henderson asked what the maximum grant/loan per project is by today's standards. Ms. Linke explained that it depends on the storefront width. Per 19 linear feet it's \$25,000, if it's a corner or wider property, it can be up to \$50,000. The commercial loan maximum is also \$50,000. The residential loan has been reduced to \$20,000 maximum. Mr. Wertz doesn't remember the \$100,000/\$400,000 breakout at the start. Jeff Mercer from FDC agreed that there wasn't in the beginning, but per the presentation last month, it was asked to now be allocated differently.

Mr. Goad made a motion to read by title only and Mr. Wertz seconded.

Mr. Henderson asked what the group's thought was about a three-year or one-year commitment. Mr. Heuchan confirmed it is a one-year commitment. Mr. Wertz asked if the \$100,000/\$400,000 is set by statute or law. He thought we were going to do more residential in the greater downtown. Mr. Mercer explained that there were some carryover dollars that didn't fall under the current limitations. Going in to 2016 there is about \$275,000 that has been retained and anticipated to be invested back. There hasn't been a lot of demand for the program the FDC has done in the past so until it is altered some and moved into the abandoned tax sale homes and the like, it's not certain how much residential demand will be received. The total for residential efforts would be \$375,000 coming from the \$100,000 allocated and the \$275,000 retained from last year.

The motion to read by title only passed. A public hearing was held. Mr. Henderson is in support but struggles with the \$500,000 commitment, more comfortable with a figure in the \$350,000 range. He thinks the momentum has shifted to more private or residential owner investment. Mr. Goad feels FDC has been put

through a lot of due diligence over the last year due to prior FDC and has done very well with that. He thinks they have done an excellent job with excellent board members and is in support of the \$500,000 as presented. Mr. Mercer feels FDC's return on investment has been good. Mr. Henderson agrees that stewardship would be good but is mindful that the FDC in its life along with the City of Franklin has received over \$5.6 million. Mayor McGuinness admitted that four-five years ago he was one of the biggest critics of the FDC, wishing to dismantle it. He is in full support of the board today. He has been privileged to be at 13-15 ribbon cuttings over the last three years and is not sure that would have happened without the RDC and FDC working in unison. He is in support of the abandoned property and will defend it until his last day as mayor, and the right tool to accomplish this is the FDC. Ms. Linke explained there has not been a very dedicated effort to advertise the program in a targeted way due to the concern that it would result in more interest than annually allocated funds would allow. Ms. Linke maintains that it is a very worthwhile and is making a daily difference in the community. Mayor McGuinness highlighted the great participation in the Holiday Open House as an example of how much FDC funds are making possible the small businesses in downtown Franklin.

The public hearing was closed. Mr. Deppe made a motion to approve. Mr. Goad seconded. Motion passed.

**Grant Agreement with the Franklin Development Corporation:**

Mr. Schafstall explained this to be similar to the grant agreement done for B2S Labs. The FDC has 18 months to use the monies or they should be returned to the RDC. A motion was made to approve the grant agreement by Mr. Deppe and a second by Mr. Goad. The motion passed with Mr. Henderson as a nay.

**Resolution 2015-24B: Downtown Redevelopment Projects:**

Mr. Heuchan called for an explanation of what RDC is trying to do with this. Ms. Linke identified the need for discussion as to whether the funds being requested by Franklin Heritage is to come out of the \$2 million already approved. Mr. Wertz asked if this was already approved at the September 21, 2015 meeting and Ms. Linke confirmed. Mr. Goad finds this a fund accounting exercise because though approved would still go through the process of analyzing any proposed projects. Ms. Linke agreed but wanted to be sure the board was clear. Mr. Goad sees flexibility to come out of downtown or regular funds. Mr. Heuchan said the FHI project is being considered out of bond proceeds.

Mr. Heuchan introduced Mr. Shilts from the Artcraft. Mr. Shilts began with praise for the collaboration experience with Jeff Mercer, Matt Sprout and Bill Doty. He continued with a history of FHI and the Artcraft. He then introduced Dave Phillips, a licensed professional engineer and certified energy manager, to give an overview of the proposed heating and cooling system for the Artcraft. Speaking from prepared documents and a PowerPoint presentation, Mr. Phillips gave an overview of the needed HVAC system for the Artcraft, but he spent most of his time explaining why it is needed. Mr. Shilts next introduced Bill Doty to demonstrate the collaborative effort between the school corporation and Franklin Heritage. The first step in the process was to identify the project objective: To complete a comprehensive Artcraft Theater facility needs analysis utilizing six sigma data analytics which will result in a clear prioritization of future projects and the subsequent action strategies for their completion.

Mr. Doty reviewed with a PowerPoint presentation all the data received, inputted and analyzed. Intermittently Mr. Shilts highlighted what was happening at the Artcraft in different timeblocks, 2001-2004, 2004-2009 and 2009 to the present. Mr. Phillips interjected regarding the effect numbers in attendance has on the HVAC system.

Mr. Shilts communicated their goal to accomplish all remaining projects by the Artcraft's 100-year anniversary in 2022 and broke down what projects will be paid for how. As a result of the collaborative process, in addition to the appeal to the RDC for funding of a new HVAC system, instead of the second priority being the digital projector, it became apparent that the second priority had shifted to installing the safety and

infrastructure upgrades to the stage and fly loft areas. A two-phase plan has been developed to address these needs. \$50,000 has been received from a grant and combined with \$75,000 from RDC, the first phase will be completed. Phase two includes several grant submissions to other entities. Mr. Shilts concluded his remarks with gratitude to all presenters and to the RDC for their consideration.

Mr. Henderson asked if FHI board had seen this report. The executive board and property team have reviewed it all and some of the property team was there for the collaborative process. Mr. Heuchan clarified that the \$300,000 is an up to figure for the HVAC replacement and that there will be more than one quote. He asked if the collaboration with Franklin schools will continue and Mr. Shilts confirmed it will. Mr. Goad is encouraged by the process especially for use in grant proposal submissions. Mr. Heuchan summarized the Artcraft request to the RDC for up to \$300,000 for HVAC system replacement and an additional \$75,000 for life safety issues. Mr. Henderson asked if this takes the \$2 million downtown redevelopment project resolution to \$1,625,000 remaining commitment. Mr. Heuchan confirmed that as the maximum outlay. Mr. Goad expressed about citizens taking the Artcraft for granted and asked how they will communicate about a capital campaign. Mr. Shilts explained about their executive board and committed donors assembling and appealing to others with similar passion. The data resulting from the collaborative effort makes that appeal that much easier. Mr. Heuchan made a motion to approve funding up to \$375,000 for the HVAC replacement at the Artcraft and additionally \$75,000 to begin the fly loft upgrades as presented. A second was made by Mr. Henderson. Mr. Goad asked if RDC would be open to matching funds, so for every dollar collected by the Artcraft, the RDC would match dollar for dollar. Mr. Heuchan thinks it's too late now. Mr. Goad is supportive of giving money but also wants to encourage the capital campaign. Mr. Heuchan prefers to continue with the current process. From the public, Mr. Dever, spoke strongly of the economic impact the Artcraft has for downtown development. Mr. Goad questioned Mr. Dever about his definition of a "full schedule". Mr. Dever thinks ideally the Artcraft should be a five-day a week operation, dark on Sundays and Mondays. Mr. Shilts confirmed more can now be programmed through the extreme summer and winter months with a new HVAC system. Mr. Heuchan believes that had FHI not stepped in to buy and develop the Artcraft, downtown revitalization would never have happened, so he is supportive of the RDC support. Danny Vaught added that other cities don't have an Artcraft, Franklin College, the courthouse, etc. Mr. Wertz asked if the other funds needed will come out of Artcraft operations and capital campaign and Mr. Shilts confirmed. The motion passed. Mr. Heuchan thanked the school corporation for their involvement.

### **New Business:**

#### **Resolution 2015-28: CrossRoad Engineers Invoice 15758:**

Ms. Linke explained this as a housekeeping matter. An invoice got paid out of the wrong resolution. Mr. Goad made a motion to read by title only. Mr. Wertz seconded. Mr. Wertz asked what the \$500 for publication was, does it have to be advertised. Mr. Schafstall said yes and Ms. Linke explained it was advertised. Mr. Schafstall was told when he began in his position that to every appropriation \$500 must be added. Though it is almost never spent, it still is always added. The motion was passed. A public hearing was held. Mr. Deppe made a motion to approve the resolution. Mr. Goad made a second. The motion passed.

#### **Resolution 2015-29B: Westview Drive and Jefferson Street Roundabout**

Mayor McGuinness presented this project approved by the Board of Works at their meeting last night. Franklin was awarded funding from federal highway or the MPO for construction in 2020 or 2021. They are paying 90% of the entire amount. Being asked for is the expenditure of those dollars out of the bond and will be reimbursed by INDOT. Mr. Goad made a motion to read by title only. Second was made by Mr. Henderson. The motion passed. A public hearing was held. Mr. Henderson made a motion to approve the resolution. Mr. Wertz seconded. The motion passed.

## **Other Business**

### **October 2015 Financial Report & TIF Bond Project List:**

#### **2015-2016 Encumbrances:**

#### **Cash Flow Analysis Worksheet:**

Mr. Wertz asked what the balance of the capital fund account is. Ms. Linke cited the investment as \$500,000. At the beginning of year the balance was \$254,000 plus the \$500,000 and only \$375,000 has been spent this year. Mr. Henderson asked if each fund balance could be brought to the next meeting. Mr. Wertz asked the status of the Old Post Brew Pub. Ms. Linke paid the balance of that just recently, so it is zeroed out as of November. Ms. Linke also prepared the list of projects to be encumbered. Mr. Heuchan asked if it included the \$500,000 approved today and Ms. Linke said no. \$63,416 was in projects that will be freed up for next year.

#### **Redevelopment Association of Indiana:**

This is for information only.

#### **IEDA "Indiana TIF: Basics and Best Practices**

IEDA will be downtown at the Marriott, Thursday, Dec. 3, 10:00am. Let Ms. Linke know if you'd like to attend with her.

#### **Public Comment and Announcements**

Tara Payne from Discover Downtown reported the holiday lighting will be December 5.

There being no further business, the meeting was adjourned at 10:28 am.

Respectfully submitted this 15th day of December, 2015.

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Bob Heuchan, President

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BJ Deppe, Secretary