



Memorandum

TO: Members of the City of Bloomington Board of Public Works

FROM: Beth Cate, Corporation Counsel
Jeff Underwood, City Controller

RE: Role and Function of BPW in December 8, 2023 Public Hearing on Offers to Purchase Police Building

DATE: December 7, 2023

In 2022, the Administration proposed to the Common Council of the City of Bloomington (“City Council”), and City Council approved, the issuance of bonds to provide the primary funding for several public safety capital projects for the Bloomington Police and Fire Departments. This fulfilled plans included in the Economic Development Local Income Tax increase that was passed in the Spring of 2022 to finance, among other things, needed public safety facility improvements. The improvements included purchasing and renovating the 64,000 square foot Showers West building to house public safety administration including a new police headquarters, rebuilding/renovation of Fire Stations 1 and 3, and building a new Fire training and storage facility.

City Council approved the bond issue in December 2022, via Ordinance 22-30; the bonds were sold on December 8, 2022, and produced net proceeds of \$27.1 million (about a million dollars more than conservative projections included in memos and presentations to City Council supporting the bond issuance). In January 2023 via Appropriation Ordinance 23-01, City Council appropriated the bond funds for the projects and approved the purchase of the 64,000 square feet Showers West for use as the new police headquarters and fire administration offices.

When the Administration presented the public safety bond issuance to City Council for approval, it included plans to sell the current police headquarters building located at 220 East Third Street (“Police Building”) and anticipated at least \$3 million in proceeds from the sale that would help pay for the needed public safety capital projects.

Since those actions in December 2022 and January 2023, a great deal of activity has occurred, and the public safety projects are currently underway. Construction has begun for downtown Fire Station #1. Construction bids are due for the Showers West renovation on December 11. Planning and design continue for Fire Station #3 and the Fire Logistics Training Facility.

Accordingly, the Administration has moved forward with plans for selling the Police Building. Because the appraised value of the Police Building exceeds \$50,000, state code requires that City Council as fiscal body approve the sale. Ind. Code 36-1-11-3(c).

In accordance with state code provisions governing the sale of the property, the Administration obtained two appraisals of the building, determined a minimum bid, published notice of the minimum bid amount and other terms of sale, designated the Board of Public Works (“BPW”) to conduct a noticed public

hearing on the disposal of the property and to make a recommendation to the Administration, and noticed the public hearing for December 8, 2023, at 3 p.m. Through an open Invitation to Quote, the Administration selected a broker to market the property widely and generate bids/offers to purchase. Ind. Code 36-1-11, *et seq.*

The BPW's role on December 8 is to hear and discuss the offers received for the Police Building, take public comment on the same, and offer a recommendation to the Administration regarding the disposal of the building. Ind. Code 36-1-11-3(b). The BPW may recommend that the Administration pursue one or more of the offers, or reject all offers. If the BPW cannot reach a recommendation, it may indicate that to the Administration. State code does not require BPW approval for a sale to occur; instead, the code requires City Council approval, as noted above, and the Administration will share the BPW's action with City Council.

Enclosed are the three offers submitted for purchase of the Police Building. They are as follows:

1. From Aptitude Development based in Elmwood Park, NJ
 - a. Purchase Price: \$4,850,000
 - b. Due Diligence Period: 120 days
 - c. Contingency: Closing will occur 30 days after "final, non-appealable approval for the development of student housing of at least 475 bedrooms."
 - d. Holdover: During approval period prior to closing with an option to extend maximum of six (6) months upon written notice.
2. UP Campus Student Living based in Chicago, IL
 - a. Purchase Price: \$3,200,000 (\$100,000 earnest money)
 - b. Due Diligence Period: 45 days
 - c. Contingency: Title commitment, satisfactory due diligence
 - d. Holdover: 1 year at 10% of closing price (including all closing costs) and with 2% annual increase if beyond one year.
3. GMS-Pavillion Properties, LLC (Steve Hoffman) based in Bloomington, IN
 - a. Purchase Price: \$4,400,000 (\$40,000 earnest money)
 - b. Due Diligence Period: 60 days
 - c. Contingency: Title commitment, satisfactory due diligence
 - d. Holdover: 2 years at \$420,000 per year. Option to terminate with 6 months notice after first year (i.e. minimum lease back of 18 months). Lease may extend beyond two years for 60-day periods at \$35,000/month.

City staff request a recommendation from the Board of Public Works on the best bid to take to City Council for Council's approval pursuant to Ind. Code 36-1-11-3.