

The regular meeting of the Hammond Common Council of the City of Hammond, Lake County, Indiana was held on February 13, 2017 in the Hammond City Council Chambers.

Council President Janet Venecz presided.

City Clerk Robert J. Golec facilitated.

PLEDGE OF ALLEGIANCE was recited by all.

Invocation by Councilman Higgs.

ROLL CALL

PRESENT: Markovich, Spitale, Torres, Higgs, Emerson, Woerpel, Rakos, Venecz

ABSENT: Kalwinski

TOTAL: 8

READING OF THE MINUTES

Councilman Spitale, supported by Councilman Emerson, moved to accept the minutes of January 23, 2017 and place on file. AYES: ALL

APPROVAL OF CLAIMS

Councilman Markovich, supported by Councilman Higgs, moved to approve the claims from January 18, 2017 through February 8, 2017. Claim #691 through claim #1182, inclusive.

Councilman Markovich, supported by Councilman Higgs, moved to amend in claims:

#1182	Obdulia Villanueva	Engineer/ Citywide	\$3,600
#1183	Gia Czubak	Engineer/ Citywide	\$2,825
#1184	Clerk of Lake Superior/ Circuit Court	Engineer/ Citywide	\$4,200
#1185	Ronald F. Lubas & Northwest Properties	Engineer/ Citywide	\$331,700

ROLL CALL VOTE (amend in claims)

AYES: Markovich, Spitale, Torres, Higgs, Emerson, Woerpel, Rakos, Venecz

NAYS: None

ABSENT: Kalwinski

Motion carried 8/0/1 CLAIMS AMENDED

ROLL CALL VOTE (as amended)

AYES: Markovich, Spitale, Torres, Higgs, Emerson, Woerpel, Rakos, Venecz

NAYS: None

ABSENT: Kalwinski

Motion carried 8/0/1 CLAIMS APPROVED
(as amended)

*Prepared by
Robert J. Golec
Hammond City Clerk*

PUBLIC HEARINGS

17-01 An Ordinance Appropriating the Proceeds of the Annual Action Plan and Dealing with Other Matters Pertaining to the Expenditure of Plan Proceeds for Program Year 2017

No one spoke.

COMMUNICATIONS

Councilman Torres read a letter from Gloria A. Campbell asking for help with home repairs.

Complete letter is attached to the minutes.

Councilman Higgs, supported by Councilman Rakos, moved to send a letter a letter to the Board of Works and Public Works regarding Sharks. Just (unclear) out of Sharks on Calumet Avenue and the 800 block of Drackert Street there is no one way sign. Initially there was a one way sign. I am requesting that the one way sign be placed back there so no one has an accident coming out going back towards Calumet. AYES: ALL

LETTER SENT: February 14, 2017

COMMITTEE REPORTS

Finance Committee- Councilman Woerpel- Brought out 17-01.

Building & Zoning Committee- Councilman Woerpel- Brought out 17-04

Community & Crime Watch Committee- Councilwoman Venecz - Announced upcoming meetings:

East Hammond Pullman C.W.; Tues., Feb. 23; Ophelia Steen Center; 6:30 p.m.

Hessville C.W.; Thur., Feb. 16; Jean Shepherd Center; 7 p.m.

Lafayette Neighborhood Watch; Wed., Feb. 15; Lafayette School; 6:30 p.m.

South Hammond C.W.; Thur., Feb. 16; Hammond Housing Authority; 7 p.m.

ORDINANCE 3RD READING - FINAL PASSAGE

17-01 An Ordinance Appropriating the Proceeds of the Annual Action Plan and Dealing with Other Matters Pertaining to the Expenditure of Plan Proceeds for Program Year 2017

Councilman Spitale, supported by Councilman Emerson, moved for passage.

Councilman Spitale - CDBG, ESG and the Home Programs are for assistance for low and moderate income families and households.

Councilman Higgs - Just to add to that, certain people are only eligible for these types of funds as well.

ORDINANCE 3RD READING - FINAL PASSAGE cont.

ROLL CALL VOTE (passage)

AYES: Markovich, Spitale, Torres, Higgs, Emerson, Woerpel, Rakos, Venecz

NAYS: None

ABSENT: Kalwinski

Motion carried

8/0/1

ORDINANCE NO. 9365 PASSED

17-04 Petition of GM Partners, LLC to Reclassify Property at 6804-6822 Columbia Avenue and 1134 Spruce Street from C-1 Local Commercial District and R-1U Urban Single Family Residential District to C-4 General Commercial District

Councilman Woerpel, supported by Councilman Spitale, moved for passage.

Councilman Woerpel - This was originally on the agenda as a Notice of Intent and if we pass this tonight then passing it means the Notice of Intent no longer exists?

Council President Venecz - No. It's my understand that by passing this under 3rd and Final Reading that the Intent to Consider is automatically taken care of.

Councilman Emerson - Mechanics aside, I am very happy to see this. It's in the 4th District and anytime I hear hammers and nails in the neighborhood, and in this case in the district, it makes me feel good. Right now it's a vacant lot and it's going to be completed and I thank the investors and everything because it's a positive move and I just wanted to say that.

ROLL CALL VOTE (passage)

AYES: Markovich, Spitale, Torres, Higgs, Emerson, Woerpel, Rakos, Venecz

NAYS: None

ABSENT: Kalwinski

Motion carried

8/0/1

ORDINANCE NO. 9366 PASSED

INTRODUCTION OF ORDINANCES

17-05 Designating a Certain Area as an Economic Development Target Area for the purpose of Qualifying and Considering Assessed Valuation Deductions in Economic Development Areas
Sponsored by Dave Woerpel

Councilman Woerpel, supported by Councilman Spitale, moved the proposed ordinance to 1st and 2nd reading by title and referred it to the Building & Zoning Committee. AYES: ALL

Councilman Woerpel - This is the beginning stages of a tax abatement that I'm lucky enough as the 5th District Councilman to have this business decide to stay in our district. It's Korellis Roofing. They've been her forever. I've known of Pete since high school, which I won't tell you what year that was. I think it's a good way, the abatement process, it's a good way that we were able to retain a business and it makes everybody happy.

*Prepared by
Robert J. Golec
Hammond City Clerk*

RESOLUTIONS

17R-07 Approving the Application of EZ Deductions to Real or Personal Property of Participating Businesses Located within the Hammond Enterprise Zone that are also Located within Designated Allocation Areas as it applies to the January 1, 2016 Assessment Date for Taxes Payable in 2017

Councilman Spitale, supported by Councilman Emerson, moved for adoption.

Councilman Spitale - I'd like to have Dan Botich please come forward and explain the resolution please.

Dan Botich - Very briefly, this resolution is before you, a participating business in the Hammond Enterprise Zone, which is designated through December 31st, 2019 that has been done by resolution of the Common Council to have that re-designation approved is that the purpose for reasons an enterprise zone deduction is applied by a participating business directly to the Lake County Auditor. There is no approval by the City Council required such that if that business is in an Allocation Area there may be an allocation or tax increment implication to the payment of any obligations, meaning bonds, leases or any other projects that may be under the purview or authority of the Redevelopment Commission. So this approval for application is really a check and balance for the purposes of insuring that that EZ2 Deduction that is applied by the Auditor does not impact the allocation distribution to the Redevelopment Commission. It has been, in the past, the Redevelopment Commission has checked all allocation areas for which a Form EZ2 is applied to determine if there has been an impact, and there has been no impacts in the past. The Office of the Lake County Auditor is applying the statute literally, which they should do, in order to check the box that says the City Council as the fiscal body for Hammond has fully reviewed those Form EZ2's in an allocation area to insure that there is no impact to the ability for the Redevelopment Commission to pay any obligations or bonds. The Redevelopment Commission (unclear) the same presentation and they reviewed the information. They do it every year anyways, as well as the Hammond UEA. So it's more of a formality in order to ensure that there is no impact. Any questions, I'd be more than happy to answer those.

Councilman Markovich - Page 1, Exhibit A, can you explain that to us for?

Dan Botich - That is the list of the businesses. So what I've done for the Redevelopment Commission is identify each one of the businesses located in the Hammond Enterprise Zone that have applied for an Form EZ2 Deduction and I've identified the name of that company by both and included whether it was Personal Property Form EZ2 or whether it was a Real Property Form EZ2. I've included the property key number as well as which allocation area that particular key number is located, so you get an idea. There was a total of thirteen. Five were for Personal Property, and because Redevelopment Commission does not capture Personal Property there immediately is no impact but they're included on the list because they are in an allocation area. The remaining eight are Real Property Form EZ2 Deductions and those are located in either the Hammond Central Allocation Area, Downtown Allocation Area, Westpoint Allocation Area, I believe those are the only three that they are located within. So, in essence, these could come before the council individually but it makes more efficient sense to list them in totality and have them done at one time. It is also the intent that the Auditor is requiring this this year for the first time that this will be done earlier in the year next year. So this list may come to you in August or September.

*Prepared by
Robert J. Golec
Hammond City Clerk*

RESOLUTIONS cont.

Councilman Markovich - Can you explain where it says total EZ, where it's got \$33 million and \$2 billion and all that, can you explain all those numbers please?

Dan Botich - Okay, so what occurs is that when a company files for their Enterprise Zone Deduction. Similar but not the same as a Tax Abatement. A file based upon their investment in the Enterprise Zone for that particular year for a period of January 1st, 2016 and the ten years prior. So each year that they've made an investment they would total up those qualified investments and kudos to the office of the Lake County Auditor, they have been going through each one of these deductions in detail to make sure that companies are getting no more and no less deduction according to the Enterprise Zone. So for Real Property they're insuring that trending is not included in that. That it's only applying to Real Property improvements that are qualified as well as Personal Property investments for machinery and equipment that apply. So, for example, the \$33,951,280, that is the total deductions that would be applied to these thirteen companies and that's the total amount that would be applied. That's about 52% of the total of the deductions in the (unclear) company's (unclear) Form EZ2's, it's about \$64.325 million of deductions in totality. Meaning that about the difference between the two \$33.5 and \$64.32, those deductions, the Auditor automatically applies because there's no requirement, by statute, that those deductions go before the Fiscal Body or the City Council. Does that answer your question or do you want me to go into more detail.

Councilman Markovich - Go ahead and go into more detail. I mean, when I see a figure here of \$2 billion, you know.

Dan Botich - Oh, that number there is...

Councilman Markovich - I could explain all of this to everybody, I mean, are they getting a tax break here? Is the city of Hammond getting a good deal here? Are we losing out on taxes? Does all this money just stay in the enterprise zone or whatever?

Dan Botich - The \$2,190,000,000 is the net certified assessed value of the entire city of Hammond as a unit. So what I tried to show you here is that the \$34 million is about 1.6% of the cities AV that would be deducted in the allocation areas. So it's a small amount. In fact, I did, because I had a feeling this question would come up, I did prepare a tax impact of that \$33 million. So, what would occur is that value was not proved and those deductions would be placed back into the net certified AV for last years tax rate it would have an impact of about 5¢ on your tax rate. The impact to your city, and it only impacts your cumulative fund, the quantifiable amount would be about \$3,700 to your Cum Capital Development Fund of the city. So the impact is immaterial to the city overall but it would be about 5¢, that's assuming that it was all given back, the \$33 million. That's about 1.6%.

Councilman Markovich - So lie the column where it has the EZ investment deduction, like for Jupiter, it's \$26 million, that's what they are investing in that area for this year?

RESOLUTIONS cont.

Dan Botich - That's what they had invested after (unclear) they had a fire. But it's still under that ten years so Jupiter Aluminum Corp. reinvested \$26,465,570 in Person Property and equipment in their facility once the fire disaster occurred. By Form EZ2 application they would file that directly to the Auditor, and if it wasn't in an Allocation Area they would receive that deduction as long as they filed it timely, they meet all the criteria and it's a qualifying investment. Because they're in an Allocation Area they are located in the Hammond Central Allocation are, the author is saying I need you to check to make sure that it's not impacting your ability to pay obligations. So as an example, Councilman Markovich, if Jupiter Aluminum had received a Tax Increment Financing proceeds as a financial incentivization for Economic Development Revenue Bond or a Tax Increment Financing Bond that was based on that \$26 million being invested. The Redevelopment Commission should say we should not allow that deduction to occur because it will put us into default of paying that bond back.

Councilman Markovich - Let me ask a question, since it was a fire, and let's say they got \$26 million back in insurance so it's like a loss so they got like \$26 million then?

Dan Botich - No, they invested, they purchased over the prior ten year period from their Form 103, \$26,465,570, and that's assessable property, after federal depreciation and pooling. So that investment is actually larger than that but that's just the assessed value after pooling, based upon which pool, one, two, three or four. They don't apply for pool five, that's a unique one. So that's just the assessed value that they would be assessed if it were taxed.

Councilman Markovich - That's on the whole total plant, \$26 million?

Dan Botich - You know, I am not privy to their Form 103 because that is a confidential document and Jupiter Aluminum is not a client of mine so I have no right to access that information. I just know what that value is of that deduction that was approved by the Auditor for a potential Form EZ2 deduction.

ROLL CALL VOTE (adoption)

AYES: Markovich, Spitale, Torres, Higgs, Emerson, Woerpel, Rakos, Venecz

NAYS: None

ABSENT: Kalwinski

Motion carried 8/0/1 RESOLUTION NO. R07 ADOPTED

NEW AND UNFINISHED BUSINESS

Councilman Higgs, supported by Councilman Woerpel, moved to suspend the rules to consider Proposed Resolution 17-R08.

ROLL CALL VOTE (suspension of rules)

AYES: Markovich, Spitale, Torres, Higgs, Emerson, Woerpel, Rakos, Venecz

NAYS: None

ABSENT: Kalwinski

Motion carried 8/0/1 RULES SUSPENDED

*Prepared by
Robert J. Golec
Hammond City Clerk*

NEW AND UNFINISHED BUSINESS cont.

17R-08 Resolution Recognizing and Honoring the Contributions of Clarence Collins, Sr.

City Clerk Golec read the Proposed Resolution in its entirety.

Councilman Higgs, supported by Councilman Woerpel, moved for adoption.

ROLL CALL VOTE (adoption)

AYES: Markovich, Spitale, Torres, Higgs, Emerson, Woerpel, Rakos, Venecz

NAYS: None

ABSENT: Kalwinski

Motion carried

8/0/1

RESOLUTION R08 ADOPTED

Councilman Higgs, supported by Councilman Woerpel, moved to return to the regular order of business.

AYES: ALL

Councilman Higgs, supported by Councilman Torres, moved to send a letter regarding 9 Highland Street. There are a number of vehicles, I guess, in the back yard and the neighbors are complaining that it's becoming an eyesore. I make a motion that we send a letter to the Chief of Police so we can get these either removed or whatever needs to be done.

AYES: ALL

LETTER SENT: February 14, 2017

Councilman Higgs, supported by Councilman Torres, moved to send a letter regarding the 100 block of Ruth and Waltham, in the alley, there's a number of couches and other debris. I'm requesting a letter goes to Public Works in getting this cleaned up.

AYES: ALL

LETTER SENT: February 14, 2017

Councilman Higgs - I want to congratulate the new business that's coming where the old 7-Eleven was where a gentleman got killed there. Although it really affected the community. But I am so glad that someone is willing to invest and put a business back there and I am so, so excited about it. If anything I could do to help in their endeavors I am just extremely happy that this incident didn't cause other potential businesses from investing in my district.

Council President Venecz - Councilman, what business is going in there?

Councilman Higgs - There's a store, K&R Foods.

PUBLIC EXPRESSION

No one spoke.

Councilman Higgs, supported by Councilman Spitale, moved to adjourn.

AYES: ALL

ATTEST:

Janet Venecz, President
Hammond Common Council

Robert J. Golec, City Clerk

Time: 6:45 pm

cb