

EXHIBIT B

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Southeast Valparaiso Area Economic Development Plan

Valparaiso Redevelopment Commission
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PURPOSE AND INTRODUCTION

This document is the Economic Development Plan ("Plan") for the Southeast Economic Development Area ("Southeast Area") for the City of Valparaiso, Indiana ("City"). It is intended for approval by the Common Council, the Valparaiso Plan Commission and the Valparaiso Redevelopment Commission ("Redevelopment Commission") in conformance with IC 36-7-14.

The purposes of the Plan are to benefit the public health, safety, morals, and welfare of the citizens of the City; increase the economic well-being of the City and the State of Indiana; and serve to protect and increase property values in the City and the State of Indiana. The plan is designed to promote significant opportunities for the gainful employment of citizens of the City, attract major new business enterprise to the City, retain or expand existing significant business enterprises to the City, provide for local public improvements in the Southeast Area, remove improvements or conditions that lower the value of the land in the Southeast Area below that of nearby land, resolve problems associated with multiple ownership of land, attract and retain permanent jobs, increase the property tax base, and improve the diversity of the economic base of the City.

The Factual Report attached to this Plan contains the supporting data for the above declared purposes of the Plan.

DEFINITION: Economic Development is defined as projects and/or processes and/or programs that add additional tax base and/or disposable income to the local economy over a stable period of time; and/or enhance existing tax bases and/or opportunities for citizens to improve their disposable income through new employment. Economic Development for the Redevelopment Commission includes public improvements needed to add the tax base and/or disposable income; and public improvements that add to general welfare, health and safety of all citizens of the community, and cannot be financed other than through the Redevelopment Commission process.

DESCRIPTION OF THE SOUTHEAST PROJECT

The Southeast Valparaiso Economic Development Area is described as that area contained in the maps and plats attached to this plan. The general description of the area includes all parcels not used as single family homes within an area generally bounded by Vale Park Road on the north, 49 Bypass on the east including the Eastpointe Center, US 30 (Morthland Drive) on the south, and Roosevelt Road on the west (see Appendix A for legal description, and Appendix B for a list of parcels).

The objectives of the Southeast Valparaiso Economic Development Area are:

- * To create and/or repair public infrastructure that is needed for the general health, safety and welfare of the citizens and cannot be financed through any other means; including new and repaired streets, curbs, sidewalks, sanitary sewers, drainage systems, traffic signals, parks, bike paths, street lights, and fire stations. (a list of specific infrastructure is included as Appendix C)
- * To provide for the orderly growth and development of the southeast Valparaiso area as defined in the Infrastructure Assessment Plan, the Capital Improvement Plan, the Parks Master Plan, and the regional Transportation Improvement Plan; and supported by City needs and which are available in the Planning Office.
- * To adhere to the Comprehensive Plan particularly the Land Use and Thoroughfare chapters.
- * Encourage the economic development of southeast Valparaiso and to eliminate land uses that are obsolete or otherwise detrimental to the public welfare.
- * Insofar as practical, leverage financial assistance from other government and/or private sources.

VALPARAISO COMPREHENSIVE PLAN COMPATIBILITY

Valparaiso Comprehensive Plan includes chapters on Land Use and Thoroughfares, and a Capital Improvement Plan. The land use chapter includes a policy of annexation before infrastructure is extended. This policy is compatible with the objectives of the Redevelopment Commission's southeast Valparaiso area plan. Specific guidelines for growth management of the City are found in the Comprehensive Plan of which a copy is added as Appendix D.

Land use policies also include maintaining a balanced growth that adds residential, commercial and industrial growth to the city. A balanced growth allows the development of a variety of opportunities for the citizens to live and work in the city. The zoning classifications in the SE area vary from multi-family zoning of R-2 to the heavy industry zoning of M-2.

Constraints to achieving this balanced growth are also delineated in the Land Use chapter. Growth is limited by infrastructure capacity more often than by natural constraints. In the southeast area there are few natural constraints other than the airport limits on height of buildings, and lack of transportation and drainage capacity. The airport height limitations will always exist in part

of the southeast area, but drainage capacity can be improved through both public improvements, and continuation of the city drainage development standards required of all development in the City.

One of the most challenging economic constraints existing in the City is the frozen levy status. Because cities and counties in the State of Indiana can only increase their levies 5% annually, new tax base does not create new funds, but only more taxpayers paying into the same pot. Therefore, it is next to impossible to budget funds for new infrastructure.

Economic constraints also now exist in the City as the number of undeveloped parcels decreases rapidly. The remaining parcels are costly to purchase and develop. To continue to provide new opportunities for the citizens in an orderly manner with all needed public improvements, the Redevelopment Commission is studying TIF financing for public improvements.

The City has guidelines for developing in the City, and has developed with the county additional guidelines specifically for the 49 bypass area and US 30 corridor. These guidelines include compatibility with existing development, mixed land uses that enhance the city's quality of life, and a general goal to maintain or enhance the high quality of life already a part of the history of the City. In the specific plans for the bypass and US 30 corridors, additional development conditions exist including signage, landscaping and frontage road construction.

These specific plans also recommend commercial and industrial zoning that do not negatively impact traffic through increased traffic congestion and/or unsafe intersections. Appendix C lists several traffic projects that will be needed as new commercial and industrial development increases traffic on and near the Bypass. The 1993 accident reports indicate that the most dangerous intersections in the City were Calumet/Glendale, Linwood/Morthland, and LaPorte/Lincolnway. Of these, one - LaPorte/Lincolnway - is located in the proposed Southeast Area. In addition, the only fatality in 1993 was in the proposed district at LaPorte/Silhavy. Traffic counts also indicate the rapid growth in the Southeast Area.

Therefore, there is concurrence between the City 1991 Comprehensive Plan and the Southeast Valparaiso Economic Development Area Plan.

PROJECT DESCRIPTION

The economic development of the Southeast Area will proceed in four phases, described as follows:

Phase I - Engineering and acquisition for Knode Creek #2,
LaPorte/Silhavy drainage culvert, triangle storm sewer,

Glendale interceptor, LaPorte/Silhavy intersection, triangle intersection and Silhavy Road extension. This phase also includes the construction of the LaPorte/Silhavy culvert, triangle storm sewer, Glendale interceptor, LaPorte/Silhavy intersection, and the extension of Silhavy Road. (see Appendix F for list of projects by phases and costs).

Phase 2 - construction of Knode Creek #2 and triangle intersection including acquisition; engineering and acquisition for LaPorte Avenue; and engineering for Knode Creek #3.

Phase 3 -acquisition for Knode Creek #3 and engineering for Vale Park Road; and construction of LaPorte Ave. The Minor Infrastructure Fund should have funding to begin small projects.

Phase 4 -acquisition and construction of Vale Park Road, and construction of Knode Creek #3.

Throughout all phases, the Redevelopment Commission will set aside a total of \$475,000 for a Minor Infrastructure Fund to be loaned or granted for small infrastructure projects in the Southeast Area to the extent allowed by law. The Redevelopment Commission will develop performance criteria to determine the awarding of grants/loans. This criteria could include wellhead protection projects and malfunctioning septics, and will be determined by the speed and site development of the Area. It is anticipated that small public improvements will be needed as the Area develops. These could include adding technology such as remote control of signals to allow emergency care people signal control in emergency situations, street lights for improved safety, sidewalks, etc.

ACQUISITION OF PROPERTY

In order to accomplish the Projects, the Redevelopment Commission will acquire, without the use of eminent domain by the Redevelopment Commission, the interests in property as described in Appendix E.

The Redevelopment Commission shall follow procedures in IC 36-7-14-19 in the acquisition of property. The Redevelopment Commission may not exercise the power of eminent domain in an economic development area. (However, the City acting as the City may to acquire land for road improvements).

PROCEDURES WITH RESPECT TO THE PROJECTS

The Redevelopment Commission may proceed with the Projects before the acquisition of all interests in land in the Southeast Area.

All contracts for material and labor in the accomplishment of the Projects shall be let under IC 36-1.

In the planning and rezoning of real property acquired or to be used in the accomplishment of the Plan; the opening, closing,

relocation and improvements of public ways; and the construction, relocation, and improvement of sewers and utility services; the Redevelopment Commission shall proceed in the same manner as private owners of the property. The Redevelopment Commission may negotiate with the proper officers and agencies of the City to secure the proper orders, approvals, and consents.

Any construction work required in connection with the Projects may be carried out by the appropriate municipal or county department or agency. The Redevelopment Commission may carry out the construction work if all plans, specifications, and drawings are approved by the appropriate department or agency and the statutory procedures for the letting of the contracts by the appropriate department or agency are followed by the Redevelopment commission.

The Redevelopment Commission may pay any charges or assessments made on account of orders, approval, consents, and construction work with respect to the Projects or may agree to pay these assessments in installments as provided by statute in the case of private owners.

None of the real property acquired for the Projects may be set aside and dedicated for public ways, parking facilities, sewers, levees, parks or other public purposes until the Redevelopment Commission has obtained the consent and approval of the department or agency under whose jurisdiction the property will be placed.

INITIATION AND DURATION OF THE SOUTHEAST PLAN

The Southeast Valparaiso Economic Development Area Plan will begin when the final documents are recorded with the Porter County officials. Per a Memorandum of TIF Understandings approved by the Redevelopment Commission Feb. 20, 1995 this Plan includes:

- * Vale Park is low priority and the street portion of the project will only be built in conjunction with state/federal construction of the new interchange with Route 49. TIF funds for this project may be retained and encumbered until the State project is commenced (see attached project schedule).
- * TIF property tax collections will stop the tax year after a total of \$8.8 million of TIF property taxes have been collected. Project expenditures may continue, but only within the available funds.
- * After all projects are completed, paid and closed, and all accounting, legal, and other expenses associated with the Southeast Redevelopment Area have been completed, and paid, any remaining TIF tax collections shall be returned by the Redevelopment Commission to the underlying taxing units in the same proportion as they were collected.
- * Long term bonds will not be used in the TIF. Projects will be

completed on a pay-as-you-go basis from current revenues. This does not limit the Commission's ability to borrow on a short term (ie less than 24 month) basis (such as tax anticipation notes) when such interim financing may be desirable to accomplish project objectives in an efficient or effective manner.

- * The City Council may still consider tax abatements on a case-by-case base using existing policies and criteria.
- * Properties included within the boundaries of this TIF district will not be included in future TIF districts for a period of 40 years (12/2035).

The Plan will capture only the real property portion of the tax rate, and, insofar as practical, will eliminate all single family housing units.

PROCEDURES TO AMEND THIS PLAN

The Southeast Valparaiso Economic Development Area Plan can be amended any time in accordance with IC 36-7-14-17.5. However, any enlargement of the boundaries of the Southeast Area must be approved by the Common Council.

FINANCING OF THE PROJECTS

It is the intention of the Redevelopment Commission to finance projects by a pay-as-you-go process payable from incremental ad valorem property taxes allocated under IC 36-7-14-39 in order to raise money for property acquisition and completion of the Projects in the Southeast Area. The amount collected may not exceed the total, as estimated by the Redevelopment Commission of all expenses reasonably incurred in connection with the Projects including:

- (1) The total cost of all land, rights-of-way and other property to be acquired and developed;
- (2) All reasonable and necessary architectural, engineering, legal, financing, accounting, advertising, bond discount and supervisory expenses related to the acquisition and development of the projects; and
- (3) a debt service and contingencies reserve for the projects to the extent the Redevelopment Commission determines that a reserve is reasonably required.

If the issuance of debt is determined necessary, the Redevelopment Commission will comply with IC 36-7-14-25.1.

In the alternative, the Redevelopment Commission may enter into

a lease of any property that could be financed with the proceeds of bonds under IC 36-7-14. The lease is subject to the provisions of IC 36-7-14-25.2 and IC 36-7-14-25.3.

FINDINGS FOR THE DEVELOPMENT OF AN ECONOMIC DEVELOPMENT AREA

The Valparaiso Redevelopment Commission may determine that a geographical area is an Economic Development area if it finds:

1. That the plan for an Economic Development Area
 - * promotes opportunities for gainful employment
 - * attracts new business to the area
 - * retains or expands existing business OR
 - * meets other purposes of economic development
2. That the plan for the economic development area cannot be achieved by regulatory processes or by ordinary operation of private enterprise because of:
 - * lack of local public improvements
 - * existence of improvements or conditions that lower the value of nearby land
 - * multiple ownership of land or other similar conditions
3. The public health and welfare will be benefited by the accomplishment of the plan for the economic development area
4. The accomplishment of the plan for an economic development area will be of public utility and benefit as measured by:
 - * the attraction of permanent employment opportunities
 - * an increase in the property tax base OR
 - * improved diversity in the economic base or other similar benefits
5. The plan for the economic development area conforms to other development and redevelopment plans of the City

MEMORANDUM OF TIF UNDERSTANDINGS

February 20, 1995 (as amended)

Specific Projects:

Per attached schedule from the City Engineer. Vale Park is low priority and the street portion of the project will only be built in conjunction with state/federal construction of the new interchange with Route 49. TIF funds for this project may be retained and encumbered until the State project is commenced. (see attached project schedule).

Limited Term:

TIF property tax collections will stop the year after a total of \$8.8 million of TIF property taxes have been collected. Project expenditures may continue, but only within the available funds.

After all projects are completed, paid and closed, and all accounting, legal, and other expenses associated with the Southeast Redevelopment Area have been completed, and paid, any remaining TIF tax collections shall be returned by the Redevelopment Commission to the underlying taxing units in the same proportion as they were collected to the extent allowed by law.

Pay-As-You-Go:

Long term bonds will not be used in the TIF. Projects will be completed on a pay-as-you-go basis from current revenues. This does not limit the Commission's ability to borrow on a short term (ie less than 24 month) basis (such as tax anticipation notes) when such interim financing may be desirable to accomplish project objectives in an efficient or effective manner. (see revenue schedule).

Tax Abatements Still Available:

The City Council may still consider tax abatements on a case-by-case base using existing policies and criteria.

No Duplication:

Properties included within the boundaries of this TIF district will not be included in future TIF districts for 40 years (12/2035).

Appendix C

INFRASTRUCTURE PROJECTS IN PLANNING AREA WITH ESTIMATED COSTS

FIRST PRIORITY:

<u>PROJECT</u>	<u>COST</u>
* 2. Knode Creek Detention Basin # 2	728,000
* 8. Glendale Lateral	\$ 938,000
*11. Intersection of LaPorte/Silhavy	636,000
*17. Build Silhavy - deadend to US 30 (With private\$)	50,000
5. Silhavy/LaPorte Storm sewer culvert	90,000
6. Triangle Storm Sewer	80,000
*15. Intersection at Lincolnway/LaPorte/Sturdy **	\$1.25 million

SECOND PRIORITY:

* 3. Knode Creek Detention Basin # 3	500,000
*19. Reconstruct LaPorte - 49 bypass to Sturdy (include sidewalks, curbs, lights, etc.) **	\$1.614 million

THIRD PRIORITY

28. Fund for Minor Infrastructure Projects	\$475,000
*14. Vale Park Road drainage/widening	\$2.439 million
SUBTOTAL	\$7.8 million
Administration and contingencies	\$1 million

* Requires acquisition of land, right-of-way, or easements.

** Should be moved to first priority if property across from Menard is developed