

**MINUTES OF THE MEETING
OF THE COMMON COUNCIL
VALPARAISO, INDIANA
February 24, 2025**

The Common Council of the City of Valparaiso, Indiana, met on Monday, February 24, 2025 at 6:00 p.m. in City Hall. Mayor Costas called the meeting to order. The Pledge of Allegiance was said. Present were Councilmembers Reed, Cotton, Domer, Pupillo, Anderson, Hunt, and Kapitan.

MINUTES

MOTION: Councilmember Kapitan moved to approve the minutes from the February 10, 2025 Council meeting. Councilmember Hunt seconded the motion. Upon roll call vote the motion passed with a 7-0 vote.

ORDINANCE NO. 4, 2025

**ORDINANCE APPROPRIATING FUNDS IN THE CCIF CIGARETTE TAX FUND AND PROVIDING FOR
PUBLICATION OF NOTICE**

Councilmember Kapitan moved that Ordinance No. 4, 2025 be read a first time and considered for amendments. Councilmember Hunt seconded the motion. Clerk-Treasurer Taylor read Ordinance No. 4, 2025.

Councilmember Kapitan addressed the Council. This Ordinance is for \$150,000. Of that amount, \$50,000 is for Professional Legal Services and \$100,000 is allocated to general consultative purposes. This is similar to the Ordinance adopted last year for the same purposes.

Upon Voice Vote Ordinance 4, 2025 was carried to the March 14, 2025 meeting with a 7-0 vote.

ORDINANCE NO. 5, 2025

**AN ORDINANCE APPROPRIATING FUNDS IN THE GENERAL BOARD OF WORKS, MVH RESTRICTED,
LOCAL ROAD & STREET, WHEEL SURTAX, AND WHEEL TAX FUNDS AND PROVIDING FOR
PUBLICATION OF NOTICE**

Councilmember Kapitan moved that Ordinance No. 5, 2025 be read a first time and considered for amendments. Councilmember Hunt seconded the motion. Clerk-Treasurer Taylor read Ordinance No. 5, 2025.

Bill Oeding and Max Rehlander addressed the Council. This Ordinance is for Paving 2025. These funds were part of the budget process for this year.

VARIOUS FUNDS & APPROPRIATION AMOUNTS

General Board of Works – Paving (1101 012 364) \$1,367,015.00
MVH Restricted – Paving (2203 015 364) \$ 277,000.00
LR&S – Other Svcs & Charges Paving (2202 015 311) \$ 321,666.00
Municipal Excise Surtax – Other Svcs & Charges (2249 015 311) \$ 500,000.00
Municipal Wheel Tax – Other Svcs & Charges (2250 015 311) \$ 20,000.00
Total \$2,485,681.00

Funds from the Short Term GEO bond are also included in paving figures for a total of \$5,174,000. Last year they under spent the paving budget by approximately \$1.6 Million Dollars. Those funds are listed above in General BOW and MVH Restricted. They have the Community Crossing Grant of \$1.5 Million and they carried over \$220,000 from last year. All of this brings the total available for paving to \$9,379,681.00. Of that amount \$8 Million Dollars will be spent on resurfacing.

Max Rehlander – They will look at the PASER rating and condition rating. They will work with other city utilities to coordinate the work and will request BOW approval once the list is put together.

Councilmember Cotton – Is there a way to tell how much work needs to be done on a street before starting it?

Max Rehlander – They used what they learned last year to prepare the list of roads and budget for this year. There really is no way to determine ahead of time exactly what each street will entail. Everything on last year's list was completed.

Councilmember Cotton – At the last BOW how many bidders were there?

Max Rehlander – For Community Crossings there were two. For the Goodrich Road project there were seven bidders. All were competitive bids.

Bill Oeding – The contractors bidding on these jobs are only union contractors. The responsible bidders Ordinance has nothing to do with the paving.

Councilmember Domer – When is the list of roads that are going to be paved this year going to be available?

Max Rehlander – He shared the entire list with the Council in December and again in January. There have been a few minor changes in working with the utilities. They submitted the list with the grant about a month ago. They usually wait until the middle of May to share the list with the public. This is to help make sure they do not over promise. The list will remain a "draft" until the bids are opened.

Councilmember Domer – What about the list of alleys?

Max Rehlander – That will be developed in the next coming months.

Councilmember Domer – The RDC has \$800,000 budgeted for sidewalks this year.

Councilmember Cotton – Some cities publish the PASER rating for streets. Is that something the City has given consideration to?

Bill Oeding – He does not have an objection to publishing as long as there is a disclaimer stating it is subject to change.

Councilmember Hunt – She is looking at the most recent Fund Report. She asked to have it explained how the numbers were determined.

Bill Oeding – These Funds were designed to pave roads and do road work. They looked at the funds that are restricted to that purpose and then pulled out money.

Councilmember Hunt – MVH can only be used on roads. That balance right now is \$852,801.00.

Clerk-Treasurer Taylor – This is left over appropriations from last year. This is not cash. The best thing to look at is the December Appropriations report.

Upon Voice Vote Ordinance 5, 2025 was carried to the March 14, 2025 meeting with a 7-0 vote.

RESOLUTION NO. 2, 2025

REQUIREMENTS FOR PROJECTS RECEIVING ECONOMIC INCENTIVES FROM THE CITY OF VALPARAISO

Councilmember Kapitan moved that Resolution No. 2, 2025 be considered on first reading. Councilmember Cotton seconded the motion. Clerk-Treasurer Taylor read Resolution No. 2, 2025.

Mayor Costas – Resolution No. 2, 2025 and Ordinance No. 6, 2025 both deal with the expansion of the Responsible Bidders Ordinance into private projects. There can be serious repercussions from this Ordinance. It is important to get the correct version approved. Resolution No. 2, 2025 and Ordinance No. 6, 2025 expand the requirements for public

works projects to private projects that receive City incentives. The main difference between the two proposals today is Resolution No. 2, 2025 gives the Council the option and flexibility to require certain conditions and Ordinance No. 6, 2025 requires the contractors and first tier subcontractors to satisfy the nine requirements and perhaps more. Ordinance No. 6, 2025 states that any waivers from these requirements must be approved by a vote of the Council. The Council will not have sufficient information on a waiver request for months if not years after the economic incentives are initially and conditionally approved. The structure of Resolution No. 2, 2025 allows the Director of Economic Development to negotiate with the Developer and present project specific options for the Council's consideration. The Council still has the option to reject the project.

Today the Ordinance and Resolution are on the Agenda. The Resolution will be voted on tonight. Regardless of the outcome of Resolution No. 2, 2025, Ordinance No. 6, 2025 will be read on first reading and potentially carried over to the next Council meeting for further discussion, amendment and possible final action. Today he is allowing comments from the Council, staff and members of the public.

His position as Mayor and his Leadership team is: both the Resolution and Ordinance are not necessary and not worthy of the potential risk of increased costs and reduced investment in private sector City projects. If the Council deems one of the proposals necessary, he prefers Resolution No. 2, 2025. He does not favor the adoption of Resolution 2, 2025 or Ordinance No. 6, 2025 because: it will add unnecessary risks and costs in private sector projects that will increase the expenses of these projects and limit the important role of competition in the bidding and construction process. Other than the carpenter issue with the Linc, he is aware of only one other project in the last 20 years that received City economic incentives that gave rise to the concern of subcontractors coming from other locations. He feels the Ordinance will hamstring smaller companies from bidding on private projects the City incentivizes, limiting their growth. The City is charged with implementing and overseeing enforcement. The concerns of George Douglas and Vicki Thrasher should be given great weight in determining how these proposals will play out in real time. Ideas that seem beneficial can have unintended consequences in their actual life application.

George Douglas - He agrees with the Mayor that neither is necessary. For incentives all of them have to come before the Council and be approved before they can move forward. He works with several local, regional and State partners in a wide range of projects. Economic Development is competitive. Changing the playing field like what is proposed in Ordinance No. 6, 2025 can tilt advantages and disadvantages for a community. Ordinance No. 6, 2025 creates an uneven environment where certain businesses are able to compete, and smaller businesses are not. What has made Valpo attractive is its vision, plan for developing strategies, and then requiring execution of those strategies with its partners. The City Council is an integral part of projects; especially those that require incentives. The Council's role plays a key part in how the City is perceived and how economic development is undertaken. Smaller scale projects are the foundation of the economic base. The \$150,000 threshold may snare every tax abatement and economic development revenue project in recent history. A vast majority of larger projects happen without issue because of the building and trades involved in partnership. Issues are worked out before any project gets started. This typically happens without involvement from the City. Tax abatement and economic development agreements have a provision in the agreement that applicants acknowledge the use of local incentives for this project and recognize the benefit of utilizing local contractors and suppliers. These agreements maximize employment opportunities for the citizens of our region and resources found in northwest Indiana. These agreements require City Council approval. He gave examples of projects that could not meet the requirements of Ordinance No. 6, 2025 because of other rules and regulations. Most of these would not have happened. If a contractor knows he is the only local contractor that can meet all the requirements, they lose their incentive to be competitive in their bids.

His concern with Ordinance No. 6, 2024 is the lack of an application or a process. Many projects need to know incentives before they know the contractors or subcontractors on the job. He is not sure how to handle personal property abatements. Most times the manufacturer installs the equipment to guarantee warranties. Bonds may be requested after the project is started. This was the case in Journeyman. Projects are required to use certain contractors and subcontractors. Deviating requires City Council approval. He does not know how this will be done. He does not know what to do with shell buildings. The system used now works. The Council gives approval. The City needs to grow and attract non-residential tax sources.

Vicki Thrasher – The current RBO is run and managed by the Engineering Department. Typically these are public infrastructure projects having a small number of contractors. Her office is not structured to handle additional responsibilities. Including the City Council in the permitting process is not the solution. She has concerns regarding the

delays to projects. How does it get handled? Will projects be stopped? Will they be able to complete a project? She takes any complaints about contractors very seriously. She works with all local contractors. As of today, there are no open complaints against contractors. In Ordinance 6, 2025 the Building Commissioner is referenced many times. She has been the City's Building Commissioner for over 20 years. She was not asked or given any opportunity to provide input on this Ordinance and how it will affect her Department and the permitting process.

Councilmember Hunt – She clarified that in December Vicki was given an opportunity to provide input.

PUBLIC COMMENTS

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Jason Creasbaum -Local 150 Operating Engineers. He supports the Ordinance and not the Resolution. The Ordinance gives young people an opportunity.

Rex Richards – VEDC. He supports Resolution 2, 2025. He has provided Councilmembers with a copy of the VEDC's seven reasons for supporting the Resolution.

Mac McElhaney -609 Yellowstone. Moved here because of economic development in the City. Small businesses would not survive if they were cut off from projects. Sometimes when there are layers of bureaucracy there are unintended results. He called developers to ask questions. Many said if it gets made harder, they will quit building in Valparaiso. He encouraged them to consider the Resolution or redoing the Ordinance.

James Ferguson – 303 Indiana. He wants to know why there are two pieces of legislation doing the same thing. Indiana is a right to work state. It cannot be mandated to use unions.

Nick Merkel – Carpenters Union. This issue is not union vs. non-union. The Resolution and Ordinance do not have the word union in them. They are guidelines and set standards how work should be done. There will be no delay in projects. He supports Ordinance 6, 2025.

Dewey Peerman – Construction Trade. H represents all sizes of companies. He supports Ordinance 6, 2025. All contractors have access to apprentice training.

Sean McMurray – Central Midwest Carpenters. He opposes Resolution 2, 2025 and supports Ordinance 6, 2025. They have tried to work with the City but they have been ignored. Resolution 2, 2025 is an empty and meaningless gesture. Ordinance 6, 2025 provides real, enforceable requirements.

Council Comments

Councilmember Domer – Resolution 2, 2025 is missing the apprenticeship information. Local government would best serve citizens by promoting the workforce. She will not support Resolution 2, 2025.

Councilmember Anderson – He has had concerns about Ordinance 6, 2025 from the start. Some of the requirements could unintentionally create barriers. Resolution 2, 2025 offers a flexible and collaborative approach. It allows the Council to allow all or none of the requirements of Ordinance 6, 2025. The Council should adopt a more balanced approach that encourages economic growth without discouraging investment with excessive regulation. This is an additional burden on City Departments. This could prevent local small business from bidding on jobs because they are not part of an apprenticeship program. Resolution 2, 2025 can provide the necessary protection while maintaining inclusivity for local businesses. Resolution 2, 2025 helps keep Valpo attractive for investment. Ordinance 6, 2025 could be detrimental to investment in our City. Ordinance 6, 2025 could be interpreted as a violation of Indiana's right to work law. This could invite legal challenges. Resolution 2, 2025 assures accountability without violating State law or creating uncertainty. The 2016 RBO has worked for almost 10 years.

Councilmember Cotton – Resolution 2, 2025 perpetuates status-quo. It does not give them the ability to prevent some of the undermining that goes on. The Council has a responsibility to the taxpayers to be good stewards. This is an ethical

responsibility. This Council did not come to do business as usual. It came to be accountable to the taxpayers. The Davis-Bacon Act protects the local economy from the undermining unfairness of bringing in workers and operating under different circumstances. Had there been pre-permitting the issues that developed with the Linc project would not have been. He urged the Council to reject Resolution 2, 2025.

Mayor Costas – He has worked with the unions on misclassification of worker issues that have come up.

Councilmember Pupillo – He appreciates the community participation. He supports Resolution 2, 2025. This Resolution strikes a balance and ensures progress and cooperation. He urged the Council to support the Resolution.

Councilmember Hunt – She asked Councilmember Pupillo or Anderson to explain how they crafted Resolution 2, 2025.

Councilmember Anderson – The biggest difference is “shall” versus “may”.

Councilmember Hunt – That is not really true. There is quite a bit that was taken out of the Ordinance.

Councilmember Pupillo – A lot of it was taken from the ordinance in Hobart.

Councilmember Hunt – There is no enforcement mechanism.

Councilmember Anderson – Any protection that is offered to local workers, under Ordinance 6, 2025 is also fair game in the Resolution.

Councilmember Hunt – She asked to be shown where it says that.

Councilmember Pupillo – The Council and City Administration are in charge of coming up with an economic incentive package for everything that comes before this Council. It will be enforced.

Discussion ensued regarding enforceability by having to receive Council approval.

Councilmember Kapitan – That would be an individual ask. The Resolution does not avoid bureaucracy, it just puts it somewhere else.

Mayor Costas – The flexibility is helpful. Anything that is not a Public Works project is a private project. Every project is a little bit different. The Council has to approve any incentive package.

Councilmember Hunt – She is not opposed to the flexibility of a Resolution. She does not feel this Resolution has anything to it. The whole point is to say if someone wants local incentives then they have to use local labor.

Mayor Costas – As a practical matter these problems are fairly rare.

Councilmember Hunt – If this is something that doesn’t come up very often, it sounds like this would not be an administrative impact.

Mayor Costas – He looks at it as - if it is not really a problem why are we adding all of the regulation.

Councilmember Hunt- Because there is potential.

Councilmember Cotton – By the time the Council realizes there is a fundamental problem, there isn’t much to claw back. The pre-permitting does not give much information. Pre-reporting is a measure of accountability.

Mayor Costas – When a developer comes to the City with a project, it is in the early stages. That is when the negotiations are done. They have not yet bid the project out. But they are going to sign an agreement and the City will determine what incentives they are going to give them before the City has a list of contractors. The Ordinance increases the level of bureaucracy. It could cause the developer to under bid by a Million dollars.

Councilmember Anderson – The waiver process happens too late in the game.

Councilmember Cotton - A Million dollar underbid is a signal that that guy should be scrutinized. That is the unlevel playing field. That is what Davis-Bacon recognized and mitigated.

Attorney Patrick Lyp – Since 2014 every tax abatement the City Council has approved, has had a Tax Abatement Agreement. That Agreement allows for 100% of claw backs.

Councilmember Anderson – For the last 20 years we have had a Mayor that not only has had the vision but also the know-how, expertise and leadership skill to redevelop the entire City. We have an Economic Development Director that is saying the Ordinance is a bad deal. The Building Commissioner is saying it will not work. Why are we not giving any deference to the expertise of these people?

Councilmember Cotton – He called Randy Palmateer. He said the Project Labor Agreements of Lake County are worse than what Valpo is proposing. Mr. Palmateer said many of the workers on the Linc project are happy the contractors are associated with the NWI Building Trades.

Councilmember Reed – She was on the Council when they passed the RBO for City related projects. An RBO for City versus private is different. A developer might come in and want to fix a blighted area. This is the developer investing their money and the City gives them incentives. There needs to be flexibility. The Resolution has a section that the applicant agrees to use best efforts to employ price competitive contractors, suppliers and vendors located in northwest Indiana. This encourages keeping money local. The Ordinance addresses labor. The language in the Resolution supports more local businesses. Another section discusses any requirement requested by the Council and accepted by the applicant, must be part of the Tax Abatement Agreement or Economic Development Agreement. The Council can add additional requirements. If this is adopted, there is no method of managing, tracking and verifying the documents. Upon request from the City any contractor shall provide payroll information. The Building Commissioner shall not issue a building permit until all items have been submitted and the City has verified the information. Who is “the City” and what are they supposed to do with it? The waiver condition was created because of the non-profits. There are no guarantees which non-profits will get a waiver. A waiver has to be approved by the Council. There could be a two week wait before they meet which would cause a delay. She sees the language of the Ordinance to be too restrictive and is concerned about how it is going to be managed.

Councilmember Kapitan – These are local incentives for local contractors. This is for private projects seeking public incentives. She agrees with Councilmembers Hunt and Cotton. They are responsible to the taxpayers, and she feels this is laid out in the Ordinance. An important part of the Ordinance says it is for construction projects. As an example the pharmaceutical tax abatement. Would they have been subject to these regulations? It was not a construction project.

Councilmember Cotton – There will be unique circumstances sometimes. The abatement Councilmember Kapitan referred to would have been covered by the Ordinance.

Councilmember Kapitan – She supports Ordinance 6, 2025 over Resolution 2, 2025.

Clerk-Treasurer Taylor - She was asked about her concerns after the Ordinance was put together. In Section 4 it says the CT is responsible for repayment of benefits. She has never been shown what that looks like.

Councilmember Hunt – Councilmember Cotton drafted the Ordinance and then sought Vicki and Holly’s opinion.

Clerk-Treasurer Taylor – She urged the Council if they are going to move forward with Ordinance 6, 2025 that they bring it to her and Vicki for them to look at. She would like to know how this affects her office.

Upon Roll Call Vote Resolution 2, 2025 failed with a 3-4 vote.

ORDINANCE NO. 6, 2024

AN ORDINANCE ESTABLISHING RESPONSIBLE BUSINESS PRACTICES AND SUBMISSION REQUIREMENTS FOR PROJECTS RECEIVING ECONOMIC INCENTIVES FROM THE CITY OF VALPARAISO

Councilmember Kapitan moved that Ordinance No. 6, 2025 be read a first time and considered on first reading with amendments. Councilmember Hunt seconded the motion. Clerk-Treasurer Taylor read Ordinance No. 6, 2025.

Councilmember Hunt – She knows some changes have been made and she wants to make sure she knows where those are.

Councilmember Cotton – The change is that the request would come from the City Council by way of the Building Commissioner. This is subsection (b) on page 2. Not every permit will be inhibited at all. But ones that are problematic will come from there. Subsection (c) also has coming from the City Council via the Building Commissioner. Subsection (h) 1(a) he changed the application process to apply to all abatements and construction projects.

Attorney Patrick Lyp – The version in front of the Council tonight is the one received on Wednesday. On Thursday he and Holly received changes.

Councilmember Cotton – That was the only change.

Attorney Patrick Lyp – Tonight they can move Ordinance 6, 2025 forward as presented and then at the next meeting, amend what has been presented.

Councilmember Cotton – This is first reading. There should not need to be any amendments. Everything is in the copy presented before first reading.

Attorney Patrick Lyp – Normal process is that an ordinance is submitted to Holly's office and that is the one the Council considers and acts upon. He is suggesting that they amend tonight or at the next meeting act on those amendments and any others.

MOTION: Councilmember Cotton moved to carry Ordinance No 6, 2025 to the March 10, 2025 meeting as amended with the statement request versus evidence. Councilmember Kapitan seconded the Motion. Upon Voice Vote Ordinance 6, 2025 was carried to the March 10, 2025 meeting with a 7-0 vote.

COUNCIL LIAISON REPORTS

Councilmember Anderson – VCU is trying to put in a new water main that will extend from Vale Park to Candlewood.

Councilmember Pupillo – VPD Citizens Academy starts April 15 and goes for six weeks. To register go to info@valpopd.com before March 21. VFD has seven new firefighters sworn in. They have made the merit board appointments - Art Elwood and Jerome Davison for four-year terms.

Councilmember Domer – There were bids opened at BOW for sidewalks, Goodrich Road extension, and Community Crossing – 2024 the second amount. The Storm Sewer Separation Project had some changes in the scope of work. The grant needs to be reapplied for. The request to apply was approved at the BOW meeting.

Councilmember Kapitan – The Ethics Committee meets February 27 at 4 pm. Environmental Advisory Board meets March 3. The Plan Commission meets March 4. Applications are being accepted for Downtown Liquor License. Applications are online and due by March 17th. She asked about the status of the AVGO project. There will be a Public Hearing tomorrow on the draft transition plan which is the ADA Transition Plan.

George Douglas – The AVGO project is moving forward. They are meeting with local design and engineering firms and the bank that has adjoining property.

Councilmember Cotton - The Merit Board election had 80 firefighters participate in voting. The Intervention and Reconciliation Board is an extension of the Human Rights Ordinance and meant to mitigate concerns pre-lawsuit. No appointments have been made to the Board. Attorney Lyp will send a letter to appointing agencies.

Councilmember Reed – The RDC met February 13th. Barnes and Thornburg were retained for legal services. They approved a Farm Lease Agreement for the 2025 and 2026 crop years on the property at 500N. The Regal Beloit building is being assessed at “best use” rates. The Park Board meets March 25 at 6 p.m.

Councilmember Hunt- The School Board recognized Northview Elementary School for bringing home the gold in the State science fair. They also had the first hearing on the 2025 \$23 Million Bond Project. The second hearing will be held March 20th

PUBLIC COMMENTS

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No one.

The Next Council Meeting will be March 10, 2025

The meeting was adjourned at 8:15 p.m.

/s/ Holly Taylor, Clerk-Treasurer