

MINUTES
TAX ABATEMENT COMMITTEE
MUNCIE COMMON COUNCIL
300 NORTH HIGH STREET
MUNCIE, INDIANA 47305

MONDAY, SEPTEMBER 28, 2020

SPECIAL MEETING: 5:30 P.M., 1ST FLOOR CITY HALL AUDITORIUM.

PLEDGE OF ALLEGIANCE: Led by Councilwoman Davis.

ROLL CALL:	PRESENT	ABSENT
Richard Ivy	X	
Anitra Davis	X	
Aaron Clark	X	

TOPIC OF DISCUSSION:

Tax Abatement Committee Chair, Councilman Ivy, states we are here this evening to discuss Res. 20-20 which is otherwise known as the abatement for Muncie Healthcare Management Company, also known as Bethel Pointe.

Ryan Ott, one of the owners of Bethel Pointe, thanks the Committee for coming together to consider this. As the Committee has (hopefully) seen in the provided information, the Bethel Pointe facility is looking to add on 23 private rooms to their facility. They initially started this prior to COVID-19 but it has now become even more relevant since the pandemic and the need for more private room in their healthcare center. In addition to that, they are desiring to add on to their therapy gym and do some internal renovations within the facility. The total project is a little over \$3.1 million and is expected to add 21 jobs with about 13-14 of those being full-time equivalents. As a rule of thumb, in skilled nursing and nursing care, you add about 1.5 jobs for every licensed bed. This will add 14 new licensures to the building that has been unused thus far that they are able to acquire from a building up in South Bend. A couple licenses will be moving/transferring over to the new wing to give them the private rooms. Mr. Ott believes the payroll increase, going off memory, is going to be just over \$750,000. Bethel Pointe has been a part of their company for a number of years and is one of their star facilities. With him is also Derek Gibson who is the

Administrator of the facility and has been doing a fantastic job making it a great building for the community of Muncie. This abatement that they are asking for is not for the existing building itself but just for the improvements. They are not looking to get out of the obligation that they already have for their building and the new improvements is just what they are asking for. He is willing to answer any questions anyone may have.

Councilman Ivy refers to the assessed value and clarifies that the expectation is to go from 1.8 to about 4.4. Mr. Ott states he was using the assessed value off the tax records and then he put in the actual cost of what the new construction is. He explains it is the assessed plus the 3.1 (he thinks) of building costs. Ivy sees what he is saying, that he just added the improvements plus the existing assessed value and came up with a target. Mr. Ott states that is correct. Ivy comments that what is assessed is on them and adds that he was wondering how he came to that number.

Councilwoman Davis reiterates that Mr. Ott stated this would create 21 additional jobs. On the document, the jobs are listed as both temporary and permanent. Davis asks how many temporary jobs will be considered, out of the 21. Mr. Ott confirms that the 21 jobs are permanent jobs. He did not give an assessment of the full temporary jobs but there will be a number created through the actual construction. Pridemark Construction is the general contractor here in town and they are going to be hiring local subcontractors so there will be a number of temporary jobs that will come with the construction. However, the 21 he mentioned are all permanent jobs (housekeeping, nursing, dietary staff). Davis thanks him because she wanted to be sure of that number. She also wants to thank him because she recalls having a family member in a skilled care facility and states that private rooms are important. She recalls they have a rather large family so having a place where you can get your family in and be able to have a space of your own is important. It is good for their mental health, too, so this is great. Mr. Ott explains their staff love it, as well as their families so they are excited. They want to convert all of their buildings over time to that and Bethel Pointe will be one of the firsts.

Councilman Ivy refers to the existing payroll and asks if they have added anything about the breakdown, as far as male/female and such. Mr. Ott believes it is in the application. Clark points it out on page 2 at the top. Mr. Ott adds that it is predominately female. Ivy informs him that he does, in fact, have that breakdown and apologizes as it was on page 2 and he got into the numbers rather quickly.

Councilman Clark confirms that Mr. Ott is one of the owners. Mr. Ott reiterates that he is one of the shareholders. Clark asks if it funneled back to a larger health care organization. Mr. Ott explains it is its own entity but their parent company (or management company) is TLC Management out of Marion. Clark then brings up wage

packages as it was listed as \$22,000 for the low wage going up to \$150,000 to the highest. He asks if that is the current wage package that is at the facility or are these expected from the new jobs. Mr. Ott states that is the current wage range for the facility. The wage range for the new hires will be within that range, lowest typically a housekeeper or dietary aide that would be at \$22,000 and the highest would be Administrator Staff, Medical Director and Physicians. They will not have to add any additional Medical Directors, though, so that one won't be there. It will be nurses, CNAs, housekeeping and dietary positions. Clark states of the 13 or 14 full-time jobs that will be created, is there an estimate of an average. Mr. Ott states it would be that \$756,000 divided by 14 which would equal the average (\$54,000). Clark mentions that these are all going to be private rooms and asks is that is solely based on the need for what is being seen in the medical field right now. Mr. Ott answers it is the desire demand from their patients and families. If he, specifically, goes into a nursing facility, that is what he would want. They saw the hospitals lead in the health care industry a handful of years ago that the old entry into healthcare is that you understood you were going in it with other people. It used to be 2-4 people into a hospital room but a number of years ago, the hospitals starting shifting to private rooms so the consumer expectation shifted. The nursing home world has to keep up. They see it as a demand from their consumers, a desire from their consumers and a longevity to keep Bethel Pointe sustainable for the long-term. They've got to add the private rooms to keep up with what future competition will be. Clarks asks that if the Council did not approve this abatement, would that adversely affect the profits for their facility that they would not be competitive. Mr. Ott explains it would reduce the sculpt of the project. The piece that would be up in the air (that this would help them push over the top) is the therapy add-on. There is a connector hallway and a therapy wing/addition and that would be the piece, so, he would say yes. Clark asks if he approached the City with the way it sunsets, from 100% abatement year 1, 80% year 2, 60% year 3, 40% year 4 and 20% year 5, if that was something that was designed by their team or provided information. Mr. Ott states that was suggested.

Councilwoman Davis refers to the CNA training and asks if that is something they do in-house or potential employees would have to have when applying for these new jobs. Mr. Ott explains that they do offer CNA training, in-house, with classes going on currently. Davis then wants to clarify on the Resolution, page 2, it reads that the company is entitled to a (10) ten-year real property deduction period and being that the company is requesting 5, she just wants to make sure that it is clear that the abatement is actually for 5 years. Mr. Ott confirms that their expectation was 5 years.

Dan Gibson, Council Attorney, wants to be clear that the role of the Tax Abatement Committee today is to take a recommendation back to the full Council. The final Resolution will be up for Introduction/Adoption at the November meeting. There is a Public Hearing (if there were any objections filed by the public) at the October 5th meeting at 6:45 PM.

Dan Ridenour, Mayor of Muncie, appreciates the opportunity to speak and also appreciates TLC Management and Bethel Pointe. He will say this to the full Council in November, as well, but he hopes that as the Committee takes their recommendation back, they consider the fact that they are a tax-paying entity now, paying just under \$25,000 in property taxes a year. That is good for our schools, General Fund and other activities. They have 144 current employees and were very willing to make this process work, when they originally talked about how long and how much. The Mayor appreciates their willingness to look at ways that can have it make sense for the City. It is, certainly, what he believes it to be a good company with a lot of training. He hopes that the Committee will have a favorable recommendation for them. They also provide health insurance. This is a top-notch healthcare company that the Mayor loves seeing the idea about the facility expanding here in Muncie.

ADJOURNMENT:

A motion was made by Clark and seconded by Davis to Adjourn.
A vote by acclamation showed 3 yeas and 0 nays. ADJOURNED.


Richard Ivy, Chair of the
Tax Abatement Committee of the
Muncie Common Council


Belinda Munson, Muncie City Clerk of
the Muncie Common Council


Brad Polk, President of the
Muncie Common Council