

**CITY OF CHEBOYGAN
REGULAR BROWNFIELD REDEVELOPMENT AUTHORITY BOARD MEETING
AUGUST 12, 2019**

The Regular Meeting of the Brownfield Redevelopment Authority Board was called to order by Chairperson Mick at 7:00 p.m. in the City Council Chambers.

Present: Mick, Jones, McNeil and Andrews

Absent: West and Granger

Also Present: Recording Secretary Eustice

Approval of September 10, 2018 Regular Brownfield Redevelopment Authority Board Meeting Minutes:

Motion by McNeil seconded by Jones to approve the Brownfield Redevelopment Authority Board Meeting minutes of September 10, 2018 as submitted. Motion carried unanimously.

Approval of June 25, 2019 Special Brownfield Redevelopment Authority Board Meeting Minutes:

Motion by McNeil seconded by Jones to approve the Special Brownfield Redevelopment Authority Board Meeting minutes of June 25, 2019 as submitted. Motion carried unanimously.

Consideration of Disbursement of Funds – Former Mariners Village Project (now known as Cheboygan Village Marina) and Consideration of Disbursement of Funds – Straits Area Federal Credit Union:

City Manager Eustice informed the Board that we need to make the annual disbursement for reimbursement costs for the former Mariners Village Project, now known as Cheboygan Village Marina, as well as the Straits Area Federal Credit Union project. He noted the Cheboygan Village Marina Project is at its end with this disbursement of \$1,500.06, which will meet their reimbursable costs of \$149,400.00. City Manager Eustice went on to state the City has the capability of capturing those same tax dollars for the next five years explaining the captured tax dollars would be put into our own City of Cheboygan Brownfield Redevelopment Authority Account. This year that amount is about \$5,540.93; calculating this over the next four years it is going to be about \$7,000.00 a year. We will accumulate just over \$33,000.00 that can be used for brownfield projects locally. Vice-Chairperson McNeil asked if this is something we can initiate proactively or do we have to wait for another project. City Manager Eustice answered this Board can initiate a project and spend these monies on a project without State approval, but abiding by the State Statute. Vice-Chairperson McNeil clarified the project has to be an eligible project.

Chairperson Mick commented we are looking for a long payoff period on the Credit Union Project, wondering if the captured tax dollars amounting to about \$33,000.00 over the next five years can be used towards this project. City Manager Eustice replied his first answer would be no, but it may be a possibility. He noted that he has not investigated that. Vice-Chairperson McNeil said he was in agreement with City Manager Eustice. Board Member Andrews asked what the balance is for the Credit Union following an approved disbursement this evening of \$17,517.57. City Manager Eustice replied roughly almost \$400,000.00. It was really intended to get paid back in about 12 years but we

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didn't take it to the DDA for the DDA to forego their capture so by not doing that it is going to take almost 23 years to pay it back. He went on to state that Mr. Mac McClelland of Otwell Mawby is looking at that. Board Member Andrews asked what the Credit Union thinks about it. City Manager Eustice replied they are not disappointed as long as they know they are going to get their reimbursable costs back. They are getting about 50% less than they normally would. He went on to state their tax bill is about \$50,000.00, so about 30% is getting reimbursed. The Credit Union also got some State Income Tax Credits, so that helped them. Chairperson Mick asked City Manager Eustice to find out if that fund could be used for existing projects as opposed to new ones; he thinks that would be worthwhile knowing because somebody is going to ask the question sometime. City Manager Eustice noted he spoke with Mr. McClelland last week and asked him that question, but he will again ask him because he will know what to do. Chairperson Mick said he would be asking that question right away if he were on the Credit Union Board.

Motion by Jones seconded by Mick to disburse \$1,500.06 to the Cheboygan Village Marina. Roll call vote taken; motion carried unanimously.

City Manager Eustice informed the Board that the GL Activity Report presented to the Board shows a negative \$122.25; Clerk/Treasurer Brown has since corrected this. There was a bill paid through this Brownfield Account that was not for brownfield dollars, so an adjustment had to be made. The balance is \$24,558.56 and the Cheboygan Village Marina, Straits Area Federal Credit Union and City of Cheboygan Brownfield Redevelopment Authority amounts total the \$24,558.56. City Manager Eustice then explained after the disbursements to Cheboygan Village Marina and the Straits Area Federal Credit Union, there will be \$5,540.93 in the account. Board Member Jones asked if the Credit Union annually receives about the same amount. City Manager Eustice replied yes, since they started receiving reimbursement, adding it goes up slightly because of the rate of on inflation, a 2 to 3 percent increase each year.

Board Member Jones inquired when the City receives the money for the new projects. City Manager Eustice explained those dollars come in at tax settlement, usually the end of March when we settle with the County. The County Treasurer will calculate the tax settlement and disburses that to the City. City Manager Eustice went on to state the City Treasurer will have to manage a brownfield project for Bishop Motors; they went through a project which is basically between the property owner and the EGLE (formerly the DEQ), Department of Environment, Great Lakes and Energy. This Brownfield Board does not have to approve that project, but any disbursement still goes through the City of Cheboygan. Bishop Motors was awarded \$249,000.00 to demo three buildings and there is contamination on the former Duffiney property which was a gas station at one time called Steve's Sunoco. Board Members commented the station used to be Dave's Sunoco, Dave Bauers. Chairperson Mick asked if there is money in the State Fund to reimburse Bishop Motors. City Manager Eustice replied yes, they still budget and set aside monies for local projects. There is no money left in the super fund, EPA Fund.

Motion by McNeil seconded by Jones disburse \$17,517.57 to the Straits Area Federal Credit Union. Roll call vote taken; motion carried unanimously.

City of Cheboygan Brownfield Redevelopment Authority Fund:

Chairperson Mick recommended a discussion at some point about policy as to if somebody approaches us with regards to this money and what we would consider and not consider. Vice-Chairperson McNeil commented he had the same thought, wondering if there would an application process that would come through this Board or would this Board just simply look at the merits of the project and make its own decision based on policy guidelines. City Manager Eustice said there is nothing in place and would be another good conversation to have with Mr. Mac McClelland. He went on to state what if there are two good projects, do we split the monies, go with one, etc.

City Manager Eustice said to his knowledge he does not have anything else pending as far as new brownfield projects. He informed the Board that Mr. Kevin Schaffer bought the building at the corner of Main and State Streets, 431 N. Main Street. This building will probably qualify for brownfield incentives but he has not applied yet. City Manager Eustice explained that a couple apartments upstairs were renovated, but unfortunately no permits were pulled to redo the electrical upstairs so they are not up to code and the electrical has to be redone. They could not get an occupancy permit.

Councilman Michael C. O'Brien commented the \$7,000.00 per year over a four year period is \$28,000.00, asking if it is possible to leverage that to one sum and if something does come up where we need a large amount of money that they can go to the bank and borrow against the \$7,000.00 that is guaranteed income. City Manager Eustice replied it is, unless the building burns down. This will be another good question to ask Mr. Mac McClelland. You can tap into it all along during the process, but typically it is intended to accumulate all that money over five years and then do a project.

Councilman Michael C. O'Brien said the City of Mason, where he is from, lost a big corporation and the City had to rebuild. One thing that is of interest is that we have a Downtown Development and the issues that are corrected, the money comes into downtown. If you just go one block from downtown and look at some of the conditions of the houses, etc. we have a blight issue and perhaps a group like the Brownfield Redevelopment Authority Board could look beyond downtown. If somebody comes through this town they just don't go down Main Street, they go around the streets in the community. Maybe that money could be available to fix up the community. Councilman O'Brien stated the City of Mason had a Downtown Development Authority and Main Street and it was beautiful, a nice place to come and busy, and this town has so much more potential. Some people in this community do not have the finances to fix up. Vice-Chairperson McNeil asked City Manager Eustice if the Brownfield requires a district or just covers the City of Cheboygan. City Manager McNeil replied it covers the City of Cheboygan. Vice-Chairperson McNeil stated if there was an eligible project out there it could take care of blight. Councilman O'Brien says he does not know if people know anything like this exists. Chairperson Mick noted the County set up a brownfield, too. Councilman O'Brien says the issue of blight is scary and he would like to get on the committee; there are a lot of factors involved. Some people need to have more than the law enforced, they need some assistance. He thinks if the Chief or City are going to look into hiring somebody for blight, we need to have somebody with a different background or leave it open to maybe a social worker – someone that can address the issue and talk to the person and inquire as to why the house is falling down, etc. It does not negate the issue that their house is falling down and it needs to be fixed, but instead of giving them a penalty right off the bat see how they can work with an organization such as the Brownfield Board to assist them or help in the process instead of issuing a citation.

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Councilman O'Brien went on to state the building on corner in the downtown was mentioned; he wants to see a neighborhood fixed up. City Manager Eustice replied good point.

Adjournment:

Motion by Jones seconded by McNeil to adjourn the meeting at 7:23 p.m.

James Mick, Chairperson