

Local Development Finance Authority

Regular Meeting Minutes

Monday, August 8, 2016
4:00 p.m., Council Chambers
South Haven City Hall



1. Call to Order by Bolt at 4:04 p.m.

2. Roll Call

Present: Barbara Craig, Tom Erdmann, Tom Fleming, Andy Klavins, Stephanie Timmer, Chris Valentine, Art Bolt

Absent: Laura Bos, Eugen Gawreliuk, Mike Henry, Robert Herrera

Also present: Brian Dissette, City Manager; Jack McCloughan, Economic Development; Jill Bland, Southwest Michigan First

3. Approval of Agenda

Motion by Timmer, second by Klavins to approve the August 8, 2016 Regular Meeting Agenda as presented.

All in favor. Motion carried.

4. Approval of Minutes – May 16, 2016 Regular Meeting minutes and June 27, 2016 Special Meeting minutes

Motion by Klavins, second by Timmer to approve the May 16, 2016 Regular Meeting Minutes and the June 27, 2016 Special Meeting Minutes as written.

All in favor. Motion carried.

5. Interested Citizens in the Audience Will be Heard on Items Not on the Agenda

None at this time.

6. Financial Report

Hosier reviewed the financial report.

Motion by Erdmann, second by Klavins to accept the financial report.

All in favor. Motion carried.

7. Update from Southwest Michigan First

Jill Bland, CEcD and Executive Vice President, Southwest Michigan First:

Spoke about the progress made in this region by Southwest Michigan First. Reviewed information in the handout. Described hosting an agricultural site tour for which three site consultants who specialize in food processing were in attendance.

Discussed unemployment, work force needs and the necessity of proving that the work force needs, such as residential and housing opportunities, of an interested business can be met.

Explained their outreach to site consultants, including monthly conferences, many of which Southwest Michigan First hosts. Stated that research helps them choose the location of conferences which will attract the most site consultants.

Noted that as a region Southwest Michigan lacks shovel-ready sites; that the Tragna property is probably the closest we can get. Southwest Michigan First gets a lot of requests for 50 to 100 acre sites. From a building perspective, we need 100,000 square foot buildings to market.

Explained that the State of Michigan has decided not to provide retention incentives. Since there is such a labor shortage companies are threatening to pick up and move because they cannot find workers. Spoke about the trend to provide incentives for projects on the main downtown street but not three to four blocks away from the main downtown street.

Spoke about generating leads that will come to South Haven; matching how many jobs are open on Michigan Talent Bank and how many people are available in the labor force. Noted that Michigan Works puts together stats about each county.

Klavins asked for an update about the SHARA site to which Dissette responded that SHARA is looking at a grant to purchase an alternate site which is 40 acres. Dissette also noted that farmers are interested in the SHARA property which is valuable as farmland.

Dissette explained how valuable the city's relationship with Southwest Michigan First is, noting that the city has a very important restaurant/brewery potential but it is not in the CBD. The state told the city there were no incentives available but when Jill spoke with them, there was a difference in attitude. Dissette noted that one potential business is very, very happy we're working with Jill and her team.

8. Albemarle Proclamation

Hosier noted we wanted to recognize Albemarle for some of their accomplishments and thank them for staying in the community; they are great ballast for our community and provide jobs for a lot of local people.

Dissette added that the city was thrilled to get the transfer from DSM to Albemarle and thrilled that they are staying here. Explained that these proclamations are a point of pride for local businesses; they are posted on walls inside the businesses.

Motion by Erdmann, second by Valentine to present this proclamation.
All in favor. Motion carried.

9. General Comments

Dissette introduced what he calls “economic gardening,” noting his desire to make the board aware of upcoming capital projects. “We are building on the south side, north side and east side of town. Monroe Boulevard, Kalamazoo Street, Black River Street, North Shore Drive and extremely important projects for the Waste Water Treatment Plant. Working with Abonmarche investing in studies mostly funded by the State of Michigan. We have a variety of issues, including pumping issues and failing sewers.”

Dissette spoke about the planned reconstruction of the Indian Grove lift station, which has been experiencing issues since 2008; minor repairs which have helped stop some of the overflows but more needs to be done. Noted efforts to do as much of the work during the winter months as possible so streets aren’t under construction during the summer season. Dissette stated he is here to ask the LDFA to consider something; not asking for formal action today but would like to come back in a month.

Dissette stated this is the largest special assessment the city has ever contemplated, and noted, “We have a number of businesses who are going to see significant rate increases and special assessments. Trelleborg is looking at over \$40,000 in assessments; System Components Inc., about \$10,000; Albemarle just under \$20,000. East Jordan Plastics, who the city was very happy to have locate here, about \$37,000. In addition, they are looking at changes in their commodities that will mean 10% a year for years to come. I’m asking if this board could commit to some help. For the average homeowner it’s an extra one to four dollars a month; and \$123 per month for industrial and commercial businesses. If this board were to consider a \$50,000 annual payment, these special assessments could be wiped out.

Dissette introduced Chris Cook, President of Albemarle, who has been working with the city for years to help with these projects. “If the LDFA is willing to consider annual contributions, we can help the average citizen and make a huge impact for our industrial/commercial customers.”

Dissette pointed at LDFA 1, noting that all of those businesses flow into the Indian Grove Lift Station; all will see improvements via the Kalamazoo Street Reconstruction. “If there is to be a partnership it makes sense that it would be with LDFA 1. In the past city hall may have been presumptuous in “assigning” such with the board. I want to engage the board in conversation; walk you through any questions and concerns and hopefully be invited back in a month. This board has assisted in the past, has been very good about helping local businesses within the industrial parks. Special assessments have already been approved; if the LDFA is willing to assist, the special assessments for these businesses will be negated. We will be having similar conversations with the Downtown Development Authority (DDA); we are doing whatever we can to lessen the monthly impact. If we are able to collect \$100,000 between the TIF districts it will mean \$1.50 less per month for residential customers and \$125 per month for local businesses.”

Klavins asked about the handout and Dissette explained that if LDFA does \$50,000 per year those assessments are negated. Bolt asked, “If you erase the assessments for the people on this sheet, what about the businesses not listed?” Dissette explained these were just examples; some he grabbed from LDFA 1 and added, “As soon as we are selling that property to the new buyers of 229 Elkenburg, we are going to hit them with a multi-thousand dollar assessment. When the LDFA/DDA has helped in capital projects, we have been able,

in the past, to wipe out the assessments.” Dissette clarified that the request would be \$50,000 from the LDFA and \$50,000 from the DDA.

Dissette said the special assessment list affects thousands of properties. We are trying to set the tone for the future; anyone receiving the benefit of the upgrades to the lift station will be assessed. Dissette added that there are about thirty pump stations throughout the district (the majority in the townships) and what we do with this pump station will set the tone for future ones. The county drain system has used districts for years and it totally makes sense.

Bolt asked about complaints from commercial customers if we only help the industrial. Dissette compared it to the residential benefit of refuse removal not being extended to commercial and industrial.

Valentine reminded that in the past for street projects the LDFA has just been kind of “told” what our contribution will be. Valentine asked, “If we do the \$50,000 will we not be asked to contribute more?” Dissette’s response was, “In LDFA 1, Kalamazoo and Lovejoy are both receiving major upgrades. Without a doubt this is the LDFAs money so that’s why I’m asking. Anything the LDFA does, lowers the cost to the utility and all of the rate payers will see less of an annual adjustment.”

Erdmann would like to see what our budgets look like with this change and Dissette said he will happily provide numbers for LDFA 2 & LDFA 3.

Craig asked about the condition of the other pumping stations and that of the ones that will be done now. Dissette noted one is an existing station from the 1950s and the other involves building a new one. “The city is about 3.5 square miles and doesn’t have that many pumping stations; most are gravity fed, but when you get into the townships, those sections were added piece-meal so they are much more reliant on pump stations. The good news is we are about halfway through their life, but when those projects come it will include numerous pump stations. We are trying to create a good funding system. We don’t have to address this today but will have to in the future.”

Klavins put in a plug for the adult pie-eating competition this Friday during Blueberry Festival, noting that it’s the first time and it’s my fault. “So come on down, pay \$25 a head, it’s at 3:00 p.m. Friday. Klavins said he thinks the LDFA needs to eat some pie. Dissette said Chemical Bank will be there with their whole management team. Timmer noted that she volunteered.

Hosier gave an update on the Bohn building, noting that things are moving along; the emergency signs and doors are in place. Dissette echoed that the lease agreement and buy-sell agreement were done, thanks to the heavy lifting done by your chair and Kate Hosier sitting in negotiations with both parties and legal representation.

10. Adjourn

Motion by Klavins, second by Erdmann to adjourn at 4:44 p.m.

All in favor. Motion carried.

August 8, 2016
LDFA
Regular Meeting Minutes

RESPECTFULLY SUBMITTED,

Marsha Ransom
Recording Secretary