

CITY OF BURTON
FINANCE SUB-COMMITTEE MEETING MINUTES
FEBRUARY 26, 1999/9:00 A.M.COUNCIL CHAMBERS

MEETING CALLED TO ORDER BY KEITH COX AT 9:15 A.M.

MEMBERS PRESENT: Cox, Martinbianco, Cross

MEMBERS ABSENT: None

OTHERS PRESENT: Mayor Charles Smiley, J. Major, DPW Director, B. Becker, Treasurer/Controller, R. Riess, Water & Sewer Superintendent, R. LaDuke, Building and Inspection Superintendent, J. Adams, Clerk's Office.

PURPOSE OF THE MEETING: DISCUSSION AND POSSIBLE RECOMMENDATIONS
CONCERNING:

1. Discussion of Lapeer Heights Water Project Job #99-001-W.
2. Discussion of vacant property #97-02 for possible listing with real estate company.
3. Presentation from Applied Eco System Great Lakes Dev. Inc. regarding Brownfield Re-development Program.

Vacant Property #97-02 for Possible Listing with Real Estate Company

PRESENTATION:

Mr. Major spoke regarding the procedure of requesting minimum bids, or to possibly list with a real estate firm that would advertise the property and give more exposure than placing an ad with the Flint Journal. They had an appraisal of \$179,500, and had a series of reductions of around 20%-25%, getting the cost down to approximately \$107,007. In that period of time, they had one bid of around \$70,000. Mr. Major spoke further, that there is not a City use for the property, and they have never had a situation where a piece of property has lasted this long.

Spike Pearson, said he represents Bruce Pollack & Associates and spoke regarding the property. He is familiar with the property but does not have the particulars relative to the legal description, property size and so forth. He knows both of the adjacent property owners, and has done a lot of work in the City of Burton over the years. Mr. Pearson indicated Bruce Pollack & Associates is located in Grand Blanc and the company is 58 years old

AUDIENCE PARTICIPATION: No audience participation at this time.

COMMITTEE DISCUSSION:

Mr. Martinbianco spoke regarding the property's L-shaped size, and surrounding a corner piece. He indicated brand name drug stores coming in to purchase properties like that to either develop it or leave vacant to prevent competition from coming in.

Mr. Pearson indicated the property is somewhat unique and does not feel it is a drug store corner. Demographically, population and everything they look at to be suitable for their purposes does not exist on that corner. He indicated a company could possibly take out the existing restaurant to make that property whole. The current restaurant owner, given a good enough reason, is a logical buyer.

Mr. Martinbianco inquired as to an option of dividing the property into a Bristol Road and Dort Hwy. parcel.
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Mr. Pearson said he knows that property very well and the owner of the convalescent home. He has been in the building numerous times, and the property does not appear to be that big to be divided.

Mr. Major indicated the property is quite narrow on Dort Hwy.

Mr. Pearson said it is best to keep it as one property.

Mr. Martinbianco spoke regarding the inability to sell the property at a reduced rate in the last 1 ½ to 2 years, and the marketability of the L-shaped property.

Mr. Cox spoke of the original estimate of \$170,000 - \$180,000, and inquired as to the journal advertised bid process, which he said is a very small scope, and does not know how many business owners actually seek that out.

Mr. Major indicated the advertisement is for one day.

Mr. Cox said they did not feel it was adequately advertised through our bid process, especially a parcel that might have much more value than some City lots they own in subdivisions that are \$2,000 - \$3,000. He asked Mr. Pearson if he has an idea of what the property would be worth.

Mr. Pearson said he has not done enough investigation on the property. He spoke further regarding an appraiser coming up with some comparable sales, and the restaurant owner's involvement.

A brief discussion followed regarding adequate advertising, bid process, listing with a realtor, attorney's opinion and a resolution.

COMMITTEE RECOMMENDATIONS:
AND/OR ACTION:

Moved by Martinbianco, seconded by Cross to approve and authorize the administration to list for sale the City owned property identified as Parcel #59-29-400-006 with Bruce Pollack & Associates.
Motion carried, 3-0.

Lapeer Heights Water Project

PRESENTATION:

Mr. Riess stated he spoke with Bruce Kefgen, Bentley School Superintendent, who indicated they are very interested in the water project. He also spoke with Tom Gorang, Atherton School Superintendent, and he stated at this time they are not interested because they cannot afford it.

Mr. Cox inquired as to a list he requested regarding the number of Meadowcroft Subdivision homes and how many residents hooked up to water.

Mr. Riess indicated 27%, 102 homes on the special assessment and 29 that hooked up.

AUDIENCE PARTICIPATION:

Sandra West, 1482 Alberta, Burton, MI, stated many residents in the Lapeer Heights Subdivision have incurred the cost of a new well and are not interested in City water, nor could afford to hook up. She said the Mayor indicated there is no forced hook up at this time, and inquired if the City could force hook up in a few years and if the City could condemn wells.

Mr. Riess responded that there is no requirement to connect to City water and the City does not condemn wells. If municipal water is available when you sell FHA or VA, there is a requirement to hook up.

Mrs. Dargel, 6119 Hugh St., Burton, MI, said she attended the workshop in December and understood the Mayor raised a question of having some form of survey. She asked if this was the basis for putting Lapeer Heights up for consideration on the water line. She inquired as to the cost and different alternatives.

Mr. Cox indicated discussion at the workshop included numerous possible projects and that Mr. Riess said he has received numerous contacts from people wanting City water. Lapeer Heights is one of the older subdivisions with 350 homes.

Mr. Riess said for a 100 ft. lot, the front foot fees and tap-in fees would be approximately \$3,000, which builds it up to the property line. The line to the house requires a contractor to install it.

Mr. Cox inquired to Mr. Major regarding conversation with the County on the new water line. Mr. Cox said he spoke with Mr. Gleason about the increase to water rates.

Mr. Major indicated that is correct on the water rate increase, Rick Riess has had conversation with Detroit and the County.

Ruth Ann Cox, 1412 Martha, Burton, MI, said she lives in Lapeer Heights and is a block club coordinator for their neighborhood watch. She said that one third to one half of the residents have new wells and many cannot afford to hook up to water. Mrs. Cox inquired as to why Barhitte is being included with Lapeer Heights.

Mr. Cox said that Lapeer Heights is separate and the opposite side of Belsay Rd., he assumes Barhitee would be another project. He would like to see water run all the way to Transue on Roberta.

Mr. Riess stated Lapeer Heights also includes Pearl St., Blanch and Roberta.

Mr. Cox said at the last meeting, he mentioned he would like to see water run all the way to Transue on Roberta.

AUDIENCE PARTICIPATION: No audience participation at this time.

COMMISSION DISCUSSION:

Mr. Martinbianco spoke regarding Lapeer Heights and said he did not know Pearl, Blanch and Roberta was part of that subdivision also.

Mr. Major said they were going to consider an alternate and once they got into design, they would include those streets and bid it.

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Mr. Martinbianco spoke regarding Bentley Superintendent Kefgen's interest in hooking up Barhitte, providing water down Roberta and the cost amounts of what they will entail and how it will fall within what existing bond revenue funding is left.

Mr. Major indicated the watermain is relatively easy from a standpoint of cutting it off at a certain location and over-design and bid it. He spoke further regarding bids.

Mr. Martinbianco spoke regarding the Council making a determination as to whether or not it was feasible to conduct the entire project or parcel it out. He stated at an earlier Council meeting they were going to use the same type of determination they used in Meadowcroft with respect to unified building lots instead of doing it on a foot first basis.

Mr. Riess said he does not know what the costs will be, and as of today it is \$16.00 a foot. You cannot determine the other costs until it is bid and the figures are divided up.

Mr. Major said if you direct the projects to be done by resolution, you can set that type of fee assigned to the subdivision.

Mr. Martinbianco said it is not all that different then they have done in new subdivisions in terms of the different size and unique shaped lots. Mr. Martinbianco spoke of concerns with Rowe's proposal, regarding proposed Phase 1 water improvements, where it states that residents are not required to hook up immediately so the pay back may not be immediate. It infers that in some point in time they would be forced to hook up. He does not want that to be a matter of record that the Council would take into consideration.

Mr. Major indicated they cannot do that due to State law.

Mr. Riess spoke of Grand Blanc requiring city residents to hook up.

Mr. Cross inquired as to having a survey for residents before they make a final decision to see how many in the future would be interested in City water. He stated there is no since in putting out dollars if they are not going to have a return on them

Mr. Riess spoke regarding residents having new wells in other subdivisions, and they still have elected to connect to City water. Some do keep their wells for irrigation and outside watering purposes, and when most have an option, they eventually connect to City water.

Mr. Cross inquired regarding bond payments.

Mr. Becker said they made a commitment when they sold bonds that there are current operations budget and user fees at present that would accommodate the repayment of those bonds. They are incorporating those costs into the operating budget this year for the first time.

Mr. Cross said he has had phone calls from residents on Roberta St. that have community wells, and they expressed they would like to see City water in that area.

Wes Snyder, 3274 Alpena St., Burton, MI, spoke regarding residents having joint wells.

Mr. Cox inquired as to the water line from Blanch, Transue or beyond, and the size of the line.

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Mr. Riess said it would probably be an 8 inch line.

Mr. Cox said that from the fire safety aspect, the length of Robert St. would be beneficial to the citizens. He would like the DPW's ideas and recommendations given that possible idea to extend that. Mr. Cox stated further, that it opens up the possibility for residents on Genevieve, Kettering, LaSalle and Packard if they opt to petition a street, water would already be there.

Mr. Major indicated they could add that in the design and see how the bids come in.

Mr. Cox stated as they bonded this money, they want to use it to be most effective in the use and look at an area where there would be some pay back to replenish that fund. Mr. Cox spoke further regarding other options of water running on main and vacant roads and the Kra-Nur Farms area. He said they are limited to what they can do, they have to spend the money because there is a time limit on the use. The infrastructure of the City is a very important part of the City, and it is what brings homes, businesses and provide services to all our residents.

Mr. Martinbianco inquired as to wells that are abandoned and at what point the City absolves itself from responsibility, and preventing cross-connecting from the old well to City water.

Mr. Riess stated the City takes steps to alleviate the potential cross-connection problem between the existing well and public water system. Genesee County has notified them they are going to take steps and are potentially requiring abandoned wells to be capped properly.

Brief discussion followed regarding notifying the Health Department of installation of City water, abandoned wells, and State laws.

Mr. Martinbianco said if the project is a success, it will be successful in other subdivisions such as Seeley's, Holiday Villa, Kra-Nur Farms, Maplelawn, Cherylann, Coin and Connecticut. Mr. Martinbianco spoke further regarding a time frame for pay back to extend the program to other subdivisions and inquired as to other plans and priority areas, and surveys.

Brief discussion followed regarding sanitary sewer, extensions, millage, and bond issue.

Mr. Cross inquired as to the time frame to use the money by.

Mr. Becker said the majority of it is 75% in two years, and all within three years, starting he believes since last May. A third has been spent with the Water Tower, and hopefully, most will be spent in this construction year. He stated further, if we have any residual, that could still be done next construction year.

Mr. Cox said the project proposed, opens water up to approximately 370 - 375 homes, Blanch, Roberta, Pearl and the Lapeer Heights area. If there is inclusion of the water line to run a full length to Transue and back to Lapeer Road, and finish that loop, that should at least open the availability of water to those residents off of Roberta St., which would be about an additional 200 homes.

Mr. Martinbianco spoke regarding community need, payment of special assessment, adequate cash flows.

Mr. Major spoke briefly on the various other areas that were done similar to the proposed project.

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Mr. Cox said eventually Holiday Villa Subdivision and the area off of Howe Rd. between Lippincott and Atherton could also be accommodated. He has concerns regarding the number of homes that will hook up in Lapeer Heights. We do have an opportunity, the bonding amount, and interest rates is something we might not see again in the near

future. It gives us an opportunity to borrow some money to do some infrastructure and he does not know what the alternative is.

Ruth Cox expressed her concerns that no one will hook up in the Lapeer Heights Subdivision.

Mayor Smiley said regarding the survey, they have talked to the staff and some Council members. They fully intend and would like to do a survey. The residents will be given an option of City water at no cost to them until such time they choose to tap in, and at that time they have to pay 100% of the cost. They are not forced to tap in, if they chose to keep their well, they can. The Mayor stated further, it is the security of having it, and if something happens to the well they have a choice. He has spoke to several block clubs throughout the City, some smaller in size, and they would love to have City water. It is a golden opportunity to benefit the residents of the City, and for the first time, in a long time, we have this money available at no cost to the Lapeer Heights residents, until they tap in.

COMMITTEE RECOMMENDATIONS AND/OR ACTION:

Moved by Mr. Martinbianco, seconded by Cross to approve and authorize the administration to offer a survey to the Lapeer Heights and Seely Subdivision, inclusive of Pearl, Blanch and Roberta streets from Belsay Road to Transue, and to do so, as soon as possible.

Motion carried, 3-0.

Mr. Martinbianco indicated he would like to have this added to the agenda for the Monday Council meeting and start the survey as soon as possible, and ask for a ten day return notice.

Mr. Cox said if passed at the Council, he would like to make some time available a couple of days a week to answer phones, or if it is collecting, he would be glad to help.

Applied Eco System Great Lakes Dev. Inc. regarding Brownfield Re-development Program

PRESENTATION:

Sandra Clark from Applied Eco System said there are a variety of properties throughout the City of Burton that are difficult to sell or encourage interest in, because of existing or perceived environmental contamination. Fear of environmental liability discourages investors in these type of properties because no one wants to buy into an expensive clean-up on a site, and financial considerations involving redevelopment of these sites. The State of Michigan has come up with two unique programs to address both of these concerns. The first known as the Base Land Environmental Assessment Program, allows any private investor who buys a contaminated piece of property to avoid responsibility with environmental liability by simply investigating and documenting what contamination exists at the property prior to them buying the site. That program is currently available to anyone, and has encouraged a lot of re-development in this area. The second program is Brownfield Re-development that must be initiated by a municipality. It is a structured program that the municipality sets up which allows citizens and investors to take advantage of certain financial benefits by purchasing these type of properties.

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Michael Smith from Applied Eco System said the Brownfield Re-development program started with the Brownfield Re-development Financing Act passed in 1996. They are already a couple of years into this program, and other communities in mid- Michigan have taken advantage of this. The City of Flushing has opted to get into this program and the City of Owosso has been very pro-active in pursuing these benefits. The City of Flint this past summer also entered the program. There are different levels to pursue this with, the City needs to pass the Brownfield Re-development Ordinance, which then gives the City the authority to pursue these additional benefits.

The City then needs to appoint a Brownfield Re-development authority or committee, which can consist of two or three more people, and possibly City Council members. At that point, you come up with Brownfield Re-development zone, which is geographically defining the boundaries of your target area. The City of Flint chose to make the boundaries the entire city, and most communities are following that process. Finally, they can help in the Brownfield Re-Development plan which outlines the goals of the program and some specific sites that you would like to address.

Mr. Smith spoke further regarding the financial benefits of the program, tax credits and other grants available. He indicated there is a time limit, and in order to tax advantage of the tax benefits associated with this program, the City has to adopt the ordinance and get things started. Any redevelopment monies that would be eligible for the tax credit would have to be spent before January 1, 2001. There is a possibility the deadline will be extended by the State if this program is successful, although at this point, the date of January 1, 2001 is the cut-off.

AUDIENCE PARTICIPATION:

Pauline Dargel, 6119 Hugh St., Burton, MI, asked if the firm was invited here by the Economic Development Director, and hopefully to have his input from him as well.

Mr. Smith said his primary initial dealings were through Ian Hohloch from CHMP, who saw the need for the City of Burton.

Ian Hohloch, 4422 Hedgethorn, Burton, MI, said it was through his long-standing concern, and thought the City should be aware.

Mr. Cox said the Chair of the Economic Development should have input.

COMMITTEE DISCUSSION:

Mr. Cross spoke regarding the EDC's input and that they should look at this program before they do.

Mr. Cox said in his conversation with Mr. Smith, they wanted to approach the Finance Committee because they have a suggested price for certain items to be done. He suggested that Applied Eco System come and make a presentation here and also, the possibility of making a presentation to the full Council if necessary.

Mrs. Walls indicated she did not know how long it would take to get the EDC together, they have not met in at least 2 years, and does not know how many still consider themselves members.

Mr. Cross said it may be a time to evaluate that committee.

A brief discussion followed regarding the EDC. Mrs. Walls made a suggestion of going through Mr. Lowthian.

Mrs. Dargel said she understood that when Mayor Smiley came into office, he made Mr. Lowthian the Economic Development Director.

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Mr. Cox said he appreciates the interest Eco System has shown in bringing this to us.

Mr. Martinbianco spoke regarding MML seminars and stated that he stayed away from Brownfield Re-Development because he really did not understand it and perceive the need in the City of Burton. Every time he drives down Lapeer and Center Road and sees the Action Auto site that is abandoned, he often raises the question of what is going to happen to that property. He asked if we are not benefiting the property owner who may wish to dispose of

the property, and at what point can the City put out an assessment on the property to regain whatever cost we have associated with Brownfield Re-Development, or is this an arbitrary thing.

Mr. Smith said the requirements on the program are such that the responsible party of the contamination does not benefit in any way from the economic re-development of the site. If the owner of Action Auto said they want to take it down and build a new strip mall, they cannot take advantage of the tax credits. Additionally, the City has some authority to re-coup some of the costs. If the City elects to complete the environmental investigation themselves on the sites, that would then encourage new purchasers or developers to come in. Another consideration is that a lot of the sites throughout the City that would benefit this program, has already had environmental investigations completed, with that information and public knowledge held by the State and DEQ, the costs to do some research on that would be minimal. A few hundred dollars as opposed to several thousands.

Mr. Martinbianco asked if we have a list available to our municipality that are given on a regular basis of sites that are listed on the DEQ list, or something that we have to request.

Mr. Smith said it could be requested and they could also assist.

Mr. Cox said he has been told there are two separate departments, one is strictly for underground tanks, and the other handles everything else with the DEQ. Mr. Cox spoke further regarding Eco Systems interest in bringing information to the Finance Committee. He stated there is 20 or more sites that would qualify, and the only concern he has is the time limit. If we could turn a few properties in that amount of time based on the information, it would benefit us to do that, and he hopes the State would extend that.

Mr. Smith said these benefits can also be extended to a site that is adjacent to a contaminated site.

Brief discussion followed regarding the Chamber of Commerce involvement, meeting with Mr. Lowthian, MML seminars regarding Brownfield Re-development.

MEETING ADJOURNED AT 10:52 P.M.

JRA