

The Leelanau County Brownfield Redevelopment Authority held a regular meeting on Tuesday, May 17, 2022 at the Leelanau County Government Center.

CALL TO ORDER: Meeting was called to order at 10:00 am by Chairman Dan Heinz who led the Pledge of Allegiance.

ROLL CALL:

Members Present: D. Heinz, T. Wessell, D. King, T. Eftaxiadis, C. Janik, R. Foster (10:13 am)

Members Absent: J. Arens
(Prior Notice)

Staff Present: T. Galla, Director

Public Present: Therese Searles, Angela Clem, Lois Bahle, Larry Mawby, Wendy Irvin

PUBLIC COMMENT – None

DIRECTOR COMMENTS

Galla gave an update on the EPA grant award and travel for the Brownfield conference in August.

CONSIDERATION OF AGENDA

Motion by King, seconded by Eftaxiadis, to approve the agenda as presented. Motion carried 5-0.

CONFLICT OF INTEREST - None

CONSIDERATION OF APRIL 19, 2022 Minutes

Motion by Eftaxiadis, seconded by Wessell, to approve the minutes as presented. Motion carried 5-0.

CONSENT AGENDA

Motion by King, seconded by Wessell, to approve the consent agenda as presented. Motion carried 5-0.

UNFINISHED BUSINESS – None

NEW BUSINESS

Review of Fee Schedule

Heinz said the Fee Schedule is from 2017 and this is the latest version.

Galla gave a brief review of the Fee Schedule and history.

Eftaxiadis pointed out the application fees don't cover all the expenses with the brownfield planning process. In the application for the Maple City Crossings project, there is about \$3,000 for brownfield planning in the plan. That \$3,000 may cover the brownfield plan, but what about attendance and preparation for meetings for the Brownfield Authority, meetings with townships and with the Board of Commissioners. In the past, did the Authority cover expenses with other funds? Galla said the Brownfield Authority members do not get any reimbursement or mileage. Her position is part of her work with the county so that is already paid for. The LCBRA was able to use funds from the Revolving Loan Fund (RLF) grant and assessment grants from the U.S. Environmental Protection Agency (EPA) to cover other costs. In some cases, the applicants had contracts with environmental firms for some of the work and the applicant paid that cost themselves.

Eftaxiadis stated in the brownfield plan, the eligible activity could be higher.

Heinz stated this Fee Schedule was for information, unless anyone has a desire to raise those rates. There was no additional discussion and no action was taken on the Fee Schedule.

Application of part I and Part II – Land Bank Authority

Galla said Chairman John Gallagher put the applications together and she sent it out separate to members. These are pretty general applications as we don't know a lot right now, such as dollar costs. The LBA made a request to work with the LCBRA on the prospect of putting these and land bank owned properties into a brownfield plan so when we get to the point of selling them, we know the TIF is going to come back to the LBA and the LCBRA. The LCBRA needs to accept the applications and then it moves to the next step. The LCBRA approved Work Order #25 last month to have Envirologic begin studying the prospect of doing a brownfield plan on these properties. There was a lot of discussion at last month's meeting and then approval to have Envirologic do a brownfield model TIF.

Heinz noted that last month the LBA approved John Gallagher, Chairman, putting together the applications and he has done that and they are before the LCBRA now for action. If fees are to be waived, a motion similar to what was done last month for Habitat for Humanity is needed. Any other information that Envirologic needs as they work on this, will be provided. Heinz asked Searles if they started the process already and she said yes.

(R. Foster present 10:13 am)

Motion by Eftaxiadis, seconded by Wessell, to accept the applications Part I and Part II as presented and waive all fees. Motion carried 6-0.

Heinz asked Galla on next steps. Galla said approval is needed from the township, the LCBRA and the County Board. Heinz questioned if six townships are involved, do all six need to give approval and Galla replied, yes. Heinz noted that Gallagher suggested start of 4th quarter 2022 or 1st quarter 2023 to get through this and decide which properties to put out for contractors that are interested in doing something with the properties. Galla gave an example of what was done for development and approval of a past brownfield plan.

Draft Brownfield Plan – Maple City Crossings / Habitat for Humanity

Searles of Envirologic said she would present the details of the draft brownfield plan and answer questions. Clem, Habitat for Humanity, said they came to the LCBRA last month to ask for approval and move forward on the brownfield plan. They are in the process to get approval.

Searles noted the funding gap in the project and that the difference between affordable housing rate and market rate is about \$120,000 per lot. That is the eligible activity. As part of the brownfield plan, and when sold to Habitat for Humanity, it still remains eligible activities. That is the main cost and it is estimated at a total of \$736,500. The amount of TIF generated is not expected to reach that, unless the taxable values are higher. The model is showing eligible activities of about \$286,000 for Habitat for Humanity, \$3,000 for creating the brownfield plan and \$250 nominal authority administration fee annually. Thirty years by statute is the limitation of the plan. The eligible activities would not be fully reimbursed but the plan would run the full 30 years. With the properties being in the Land Bank right now, property specific tax first five years generates 50% of TIF to the LBA and 50% to the LCBRA for reimbursement of eligible activities.

Eftaxiadis questioned the TIF tables, and asked if the capture is based on 100% PRE / homestead. Searles replied, yes. It is local tax capture. Eftaxiadis asked what was the annual increase in the TIF tables for taxable value? Searles replied it starts at \$858,000 and just shows a small increment each year, ending at \$1.145 million for future taxable value. Eftaxiadis asked what the increase of the base was each year. What is that percentage? Janik said by Headlee law, it can't be more than 5%. It's 5% or rate of inflation. Janik computed the percentage increase each year to be about 1-1.5%.

Searles stated they did a conservative model. If TIF comes back higher it will increase what can be reimbursed for TIF reimbursement.

Eftaxiadis asked if the construction costs were up to date? Searles replied that construction costs are not eligible

activities, but they can get used for future value cost. Clem said it is roughly \$1.5 million, development and construction and contingency. They have not gone out for bids yet, but this is a good estimated budget.

Heinz asked about the breakdown of the 5/50 for TIF and Searles confirmed the LBA and LCBRA each get 50%. Searles said instead of the property owner paying ad valorem they pay property specific tax. Fifty percent goes to LBA for their program and 50% to the LCBRA. LCBRA can use that for eligible expenses such as the cost of the brownfield plan and administrative fees. The bulk of it will be to the developer for the funding gap. When taxes are received annually, the TIF can go to any of the expenses, depending on how it is set up and who gets paid back first. Heinz asked about the gap of \$120,000 and Searles stated it is an eligible cost included in the brownfield plan, by statute. Tax increment goes toward reimbursement of 'actual' eligible costs. The brownfield plan is an estimate because it is put together before the project has actually happened.

Eftaxiadis asked if \$3,000 for development of the brownfield plan was enough. Searles clarified that was just for the preparation of the plan. There is a \$250 annual fee to LCBRA.

Motion by Eftaxiadis, seconded by Wessell, to approve the brownfield plan for the Maple City Crossings, as presented. Motion carried 6-0.

Heinz asked about the draft resolution for the county and township to approve and Searles replied it was a template the county can use as an example. Heinz noted the date will need to be changed on it for the public hearing.

2022 Goals

Galla reviewed the proposed goals.

Motion by Wessell, seconded by Foster to approve the goals as presented.

King asked when should we start talking about the EPA grant we received and should it be incorporated into the goals. Heinz said Galla reported it will be brought up next month. King said the grant would be a mechanism to carry out the goals. The goals could be left as is. Eftaxiadis added the grant funding will facilitate these actions.

Motion carried 6-0.

FINANCIALS

Claims & Accounts - \$32,051.32

Galla reviewed the invoices for consideration.

Motion by Foster, seconded by King, to approve Claims & Accounts in the amount of \$32,051.32. Motion carried 6-0.

CORRESPONDENCE / COMMUNICATION ITEMS - None

PUBLIC COMMENT

Mawby complimented the members for including affordable housing in their goals; it is very important.

DIRECTOR COMMENTS

Galla said she just opened an email earlier on working together with land banks and brownfields which she will share. At the APA conference she attended last month, probably ½ the sessions were on housing and everyone is trying to deal with it so there were a lot of different sessions with different ideas.

Galla asked if Irvin could give an update on the Part 41 application for the sewer system for Maple City Crossings. Irvin said they had to respond to 68 additional questions from EGLE and they are now waiting for approval. They hope to get good news soon so they can start.

MEMBER / CHAIRPERSON COMMENTS - None

Wessell introduced Bahle and said she will be recommended to join this board and the land bank when they have their board meeting tonight. Because of the election some of the assignments need to be shuffled and he will be going on the Health Board.

CHAIRMAN COMMENTS

Heinz asked about TC Whiskey and working with them for a plan. Galla said that she, along with Gallagher, Hawkins, and Jim Tischler from the MI LBA met with the owners about 2 years ago and thought there would be an application for assistance submitted. So far, there has not been anything from TC Whiskey. That may change as word of the EPA assessment grant gets out. Heinz said that Galla had gone to communities in the past for outreach and he asked about a housing development in Cedar. Galla noted that she and Hawkins met with the developer but they needed help up front and TIF is reimbursable afterward so they are probably moving on without any help from the LCBRA. Heinz asked about Sugar Loaf and Galla updated on the work that was done twice on the site, once with AKT Peerless and most recently with Envirologic who also removed some tanks from the site. This work was done with EPA assessment funds. She is not aware of any plans for the site.

ADJOURN

Meeting adjourned at 10:41am.