

West Broadway Revitalization Project Update

Fall, 2005



Restoration of the historic Borden Building site began in November 2005, when voters approved the sale of City Hall with the proceeds to be used to help pay for its renovation. As the West Broadway Revitalization Project progresses, residents will see the Borden Building adaptively reused to house City offices and other commercial uses. Connections and the City's website will be used to keep all residents informed of progress as it becomes known.

W. Broadway Project Hinges on Sale of City Hall

At its July 25th meeting, the Mt. Pleasant City Commission voted to partner with a private developer on the West Broadway Revitalization Project (WBRP). WBRP proposes a near \$14 million investment in downtown through the renovation of the old Borden Creamery, the construction of a 30,000 square foot retail/commercial/residential building (*Riverplace On Broadway*) and several public improvements including 375+ parking spaces and continuation of the Riverwalk Trail.

Commissioners were presented with a development plan that the J.E. Johnson Group, owner and potential developer of the Creamery, called the “first-of-its-kind” downtown development partnership in the State of Michigan. Before the City took this next step, the Commission needed answers to several questions.

Does investing in this project match our long-term goals?

The Commission's 2005-2006 Goal Statement includes a requirement that General Fund dollars spent on any new project must show investment potential and an economic development return. In addition, the WBRP looks to meet several of the objectives in the downtown revitalization plans of the HyettPalma Study accepted by the Commission in 2003, including removal of roadblocks and creation of mechanisms that lead to a more vibrant downtown; bringing new business and new tax base into the community; and the renovation of the old Borden Creamery through private and public partnerships.

Does the project have a good chance of success?

The Creamery has been vacant for over 40 years and in the last 20 years four major developers (and several smaller investors) have attempted its renovation. The cost to repair a building protected by the National Register of Historic Places has never been economically feasible before—particularly when it is deteriorating and sitting on a contaminated site. It is reasonable to ask why this proposal would be any different.

In the last few years, governmental programs have been created or revamped to make it more economically feasible for developers to renovate old, obsolete sites or invest in new construction in downtowns. According to State officials, this project is so uniquely positioned it allows for the use of several state programs.

Is the City's investment absolutely necessary?

In order to qualify for state funds and to make the project economically viable, the developer must prove to all agencies and financiers alike that there is a committed tenant who is both eligible to participate in all the programs and can purchase (through a condominium arrangement) a significant portion of the building.

According to City Manager Paul Preston, “After nearly a year of looking for a private tenant, it became obvious that the only way to continue moving this project forward was for the City to partner with the developer.” The offer reviewed by Commissioners calls for the City to purchase 28,000 square feet of the Borden building for \$3.5 million upon the building's completion in return for ownership of the condo plus the exterior of the building and all land after five years.

While it is true that municipal offices need more space in the future, the City had shelved any plans to expand City Hall during recent budget reviews. Commissioners voted to further explore the purchase and relocation of City offices when it became certain that it was the only way to save the Creamery from demolition.

Will the community receive enough benefit from the West Broadway Revitalization Project to offset its investment costs?

Among the potential benefits the City Commission reviewed were these:

- Construction of *Riverplace* and the sale of City Hall to a private owner will increase tax revenue, some of which can be captured and used to reduce the public's purchase and relocation costs.
- Potential grants for clean-up of the contaminated Creamery site.
- Potential grant funds for landscaping and streetscape improvements.
- Rehabilitation and reuse of the Borden Building, the city's oldest surviving industrial landmark, vs. the cost of demolition and removal of contaminated soil and materials.
- 10,000 square feet in *Riverplace On Broadway* (new construction west of the Borden site) leased to a high-profile retailer.
- Job creation in *Riverplace On Broadway*.
- Receipt from the State of railroad right-of-way behind the Borden Building, creating an accessible back entrance for Riverview Apartments.
- Right-of-way allows for continuation of the Riverwalk Trail to the Oak Street footbridge.
- New entrance and parking spaces for Riverview, freeing up spaces in Town Center.
- Rehabilitation of a historic site creates other grant eligibility opportunities for the City.

What other steps must be completed?

To reduce the cost of the project to the taxpayers (see related story, p.3) residents are being asked to consider selling the current City Hall. If the sale is approved, the proceeds will be used to reduce the debt. If voters say no, the projects will not proceed.

Second, the Commissioners declared their intent to sell bonds to cover the City's "worst case scenario" cost (see related story, p.3). By publishing a "Notice of Intent", a formal opportunity is created for residents to consider and comment on costs. A public hearing will be held on September 12 to consider placing the Borden Building in an Obsolete Property Rehabilitation Act (OPRA) District. Later in September the Commission must consider and invite public comment on the creation of an Historic District and a Brownfield District.

There are still several steps that must be completed, and at each juncture the Commission may receive more information, which may result in amendments to the current plan or cancellation of the City's involvement.

Source: Connections Newsletter, Fall 2005

Proposed City Investment in the West Broadway Revitalization Project

Purchase price of renovated building	\$3,500,000
Furnishings and fixtures	1,311,000
Phone, video, generator systems	200,000
Infrastructure: parking, landscaping <i>(may be covered by grant)</i>	376,000
Utility hook-ups	25,000
Bond insurance/underwriter fees	150,000
Legal fees	7,000
Broadway streetscape <i>(may be covered by grant)</i>	135,000
Contingency	<u>296,000</u>
TOTAL: <i>(would be reduced with City Hall sale proceeds)</i>	\$6,000,000

Assuming no grants are received for the above expenditures and no other sources of funding are dedicated to the project, the total cost to the taxpayers to cover a \$6 million debt would be nearly 1.5 mills. The sale of the current city offices, receipt of grants or donations, or any other financing assistance will lower the potential debt and be used to reduce any millage obligation.

Shall We Sell City Hall?

Mt. Pleasant voters will be asked to consider granting approval for the sale of the current City Hall on the November 8th ballot.

Because the City Charter requires voter approval for the sale of City-owned property within 100 feet of the Chippewa River, placing the issue before the voters is the first step in the proposed West Broadway Revitalization Project.

At its meeting on July 25, the City Commission voted to place the following question before the citizens of Mt. Pleasant:

“Shall the City sell the current City Hall located at 401 North Main Street with the proceeds to be used to pay a portion of the cost to acquire, furnish and equip the Borden Building and related facilities?”

A “yes” vote approves the sale. A “no” vote prohibits it.