

# WEST BROADWAY REVITALIZATION PROJECT

## QUESTIONS & ANSWERS

### Introduction

The West Broadway Revitalization Project is the name given to the economic development effort on the north side of Broadway Street, west of the downtown Mt. Pleasant shopping district.

It is a \$15 million effort consisting of renovating the old Borden Creamery Building (Parcel A) and constructing a second building (Parcel B or Riverplace on Broadway) between the creamery and Water Works Salon and Mountain Town Station. The project also includes construction of a 375-space parking lot, acquisition of the railroad right-of-way along the Chippewa River, and continuation of the decorative streetscape west of Washington Street on Broadway.

### The Ballot Issue

#### **Will we have a voice in the decision whether or not to proceed with the project?**

Yes. The City Commission passed a resolution in July that placed the following question on the November 8<sup>th</sup> ballot:

*“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?”*

Proposal 1 asks voters if the current City Hall should be sold to partially finance the Borden project. If the voters approve the sale, the current municipal office building will be sold and proceeds will be used to help finance the City’s share of the project. If voters say no, the entire project (see Introduction above for project overview) will not move ahead.

The City Commission has stated that they will proceed with the project only if the voters of Mt. Pleasant authorize the sale of the current City Hall at the upcoming November 8<sup>th</sup> election.

You may also express your opinion about the project either in writing to the City Commission or in person at a City Commission meeting held the second and fourth Monday of each month at City Hall, 401 North Main. You may also call the Mayor and City Commission members to let them know your thoughts on the project.



## **Why does the City Commission support this project?**

There are a number of reasons for their support:

- Renovation of the building and construction of the new 30,000 square foot building will lead to further development in the CBD and creation of more jobs.
- Will preserve a 100-year-old historic and architecturally significant building.
- Will lead to the development of a \$7.5 million, 30,000 square foot multi-story, multi-use commercial building next door, resulting in an increase in the City's overall tax base.
- This new building and the 9,000 square feet of the Borden Building still owned by Central Michigan Development will generate considerable new property tax dollars for the City's General Fund.
- Sale of the current City Hall will put another building on the tax rolls.
- Completion of the Borden Building will add 375 parking spaces for the use of not only the Borden Building but for downtown employees and shoppers.
- The Chippewa River Walk will be extended on the south edge of the river to the Oak Street bridge.

## **Why are we voting on selling City Hall and not on the project itself or the bonds to finance it?**

The City Charter requires that any sale or lease of City-owned property within 100 feet of the Chippewa River must be approved by a vote of the people. The question of sale must be on the ballot, a bond sale does not require voter approval. When the City Commission tied the sale of the current building to issuing bonds for the project by resolution, the vote on City Hall effectively became a vote on the bonds.

## **What if we want to vote to save the Borden Building but don't want to sell City Hall or move the offices?**

You can't have one without the other. First, the sale of the current City Hall raises money to offset the cost and lowers the taxpayer's burden. Second, the City Commission determined it didn't want to be in the "landlord" business at either location. Selling the current City Hall leaves only one municipal building downtown and puts the other property back on the tax rolls.



## **Parcel A: Renovation of the Borden Building**

The Borden Building was originally constructed in 1906-1907 by Henry Herring as the Michigan Condensed Milk Factory. It was owned and operated by the Borden family of Fairport, New York until 1960.

In the 1960's it was sold to Burton Bader and used for farm seed and fertilizer storage. There have been several other owners since (see History of Ownership... tab). The building has been primarily vacant for the last 40 years.

### **Why would we want to save the Borden Building?**

The character of our community is, in part, reflective of our past. If we value our community's heritage, then history should be preserved as much as possible. The Borden Building (Michigan Condensed Milk Factory) is on the National Register of Historic Places and serves as a visual narrative of the growth of Mt. Pleasant from an agricultural-based community to an industrial one.

Under this scenario, saving the Borden Building will also benefit Mt. Pleasant taxpayers as a result of the developer's \$5 million investment in Parcel B. This additional investment will also help strengthen the downtown and increase the city's tax base.

### **What is the National Register of Historic Places?**

The National Register of Historic Places is the nation's official list of cultural resources worthy of preserving. Authorized under the National Historic Preservation Act of 1966, the National Register is part of a program to coordinate and support public and private efforts to identify, evaluate and protect our historic and archeological resources. Properties listed in the National Register include districts, sites, buildings, structures and objects that are significant in American history, architecture, archeology, engineering and culture. The National Register is administered by the National Park Service, which is part of the U.S. Department of the Interior.

### **Why is the Borden Building historically significant?**

Because of its architectural design. The former Michigan Condensed Milk Factory is a red brick, rectangular shaped, two-story Commercial Italianate structure topped by a low, gable roof that is punctuated by eight wood cupolas, and rests on a concrete block foundation pad. The facades of the building are functionally simple in detailing. All four are similarly arranged with brick piers flanking each bay and each bay presenting paired, four-over-four double hung sash in bowed arch enframements at both the first and second floor levels. Triple rows of header brick create the decorative bowed arch of each window, while corbelled rows of stretcher brick top each bay, marking the cornice line of both gable ends. The long, gable roof is the building's most distinctive and decorative feature. Eight cupolas highlight the ridge line of the roof with their paired



ventilation windows, "witches cap" roofs, and knobbed spires. Inside, the building offers two levels of large, open factory space with masonry floors, brick walls and brick piers.

## **Isn't the building too far gone?**

Not at this time. At this point, the structure is sound, but only for the time being. The roof, exterior masonry, and eaves are currently problematic but can be replaced or restored. The exterior walls, interior floor support system and truss system all need attention, but can be revitalized. Any further deterioration puts them all at risk of ever being saved. The building is literally almost out of time.

In the past 15 years, several developers have looked at the building, while architects and structural engineers have evaluated the structure. All of the design professionals have concluded that the building is structurally sound. Because the building has virtually sat vacant since 1960, there is very little material that will need to be removed before renovation can take place, which makes renovation more cost efficient.

The chimney, unfortunately, is too damaged to repair and would post a serious safety risk if not removed. Two of the major safety issues regarding the chimney are its foundation, which is literally crushing down upon itself making the chimney tip, and the substantial cracks which make removing the chimney in pieces for repair virtually impossible. No one involved with the project wants to see the chimney torn down, but safety must be addressed first which means it must be removed.

## **It'll never work; Borden projects have never worked before.**

One of the main reasons redevelopment of the Borden Building has been unsuccessful before is because of the strict regulations placed on historic buildings by the U.S. Department of Interior and the State Historic Preservation Office. Restoration standards have been so stringent that no one could afford to do the work on their own and hope to recoup enough of their costs.

Secondly, this building has some very unique attributes and, therefore, special requirements if it is to be renovated to retain its historic flavor. For example, its specialized truss system calls for a single occupant who could use the upper floor without covering up the trusses or the cupolas.

During the past 40 years, state and federal departments have never stepped up to help as they are now. Today, there is a great interest in redeveloping downtowns. The regulatory agencies are now willing to cooperate on relaxing certain redevelopment standards. State funding is now available to help cities clean up contaminated property and other funding tools to help make obsolete property useful again. Michigan is offering private developers tax incentives if they will invest in projects just like this one. **None of the other projects ever had these advantages.**



## **Why can't the Borden Building be converted to all retail space, a recreation center, museum, etc.?**

The City's records show that at least 15 projects have been proposed for the Borden Building in the last 40 years. In 1975, the City's Parks and Recreation Commission received a \$118,651 grant to create a recreation facility there. (The funds were subsequently used for other parks projects.) The City Commission, at that time, deemed it unfeasible, not only because the financing could not be put together, but also because a recreation center has very special space needs which the Borden Building could not accommodate. In addition, from an investment standpoint, it would not add new dollars to the tax roll, nor would construction of Parcel B have been considered which will add another boost to the tax base.

A rec center would need space for basketball and/or racquetball courts. Even given the size of the Borden Building, it would not be possible to have such activities inside since the truss system cannot accommodate the correct height for basketball or racquetball facilities. Additionally, the building could not house a pool since the existing support beams are structurally required for the building.

An oil and gas industry museum and an artist retreat and studio facility were proposed, along with various types of housing and a "trappers alley" type mall. None of the proposals were economically feasible for the developers.

It comes down to cost. Non-profit organizations such as museums, art groups, theater groups or recreation centers are not eligible for the tax advantages that reduce the overall cost of making renovation feasible.

As for retail, a \$6 million investment in a 38,000 sq. ft. building would require rents of \$20-25 per sq. ft., while the market rate for retail rent in the city is only about \$8 per sq. ft.

To fill over 38,000 sq. ft. of space with multiple retailers and keep the space consistently 100% filled is practically impossible. Therefore, the building must have 100% long-term occupancy from the onset. In addition, the building does not lend itself to multiple tenants on the upper level or in the boiler room area because of the nature of the open ceiling, truss/cupola construction.

## **What about the chimney?**

Unfortunately, the chimney is both the greatest example of both what will happen if we continue to wait and of why the project couldn't work before. Two of the major safety issues regarding the chimney are its foundation, which is literally crushing down upon itself making the chimney tip, and the substantial cracks which make removing the chimney in pieces for repair virtually impossible. No one involved with the project wants to see the chimney torn down, but safety must be addressed first which means it must be removed.



While several engineers have inspected the chimney over the years and verified that it is structurally unsound and unsafe, the state and federal historic departments have always demanded that it be saved or replicated. The cost of rebuilding it was enormous. Just recently, the State Historic Preservation Office has agreed that there is no way for the project to go forward if the developer is forced to replicate the chimney. Therefore, it must come down.

### **How will they do the brick?**

The brick façade is a very important to the building's historic designation.

According to historic restoration guidelines, like or similar brick (and mortar) must be used in the repair/restoration process. Areas needing brick replacement are to be identified and the brick removed. Fortunately, there is a supply of compatible brick to be found in windows currently bricked up in the building as well as in the base of the chimney that will serve to affect any replacements or repairs. Any of the building's surface areas having the appearance of cracking will be repaired.

### **Won't the building be very energy inefficient?**

Not when it's done. The 12" exterior walls virtually hold no "R" value. When combined with the interior insulation and drywall, the walls themselves assist in holding the thermal values in the wintertime and resist them in the summer. Same with a properly insulated new roofing system over the steel truss system.

### **If City Hall is in the top floor of the building, what will be in the lower level?**

The building has some design peculiarities that make it necessary for City offices to be in the upper floor and a portion of the lower levels. The old boiler room, which is slightly below grade, will become the new commission chamber and public meeting areas.

Because the chamber and other meeting areas should always be easily accessible to the public, the primary entrance will be designed at the north end of the building on the lower level. This will require a first floor restroom area and an elevator to access both the main offices upstairs and the chamber a half-floor below.

In addition, to provide for more public contact, the recreation offices will be on the lower level. This configuration will allow the large number of participants, families and parents who use recreation services to have greater access to that department. The great thing about having the Recreation Department located near the public entrance is that the City will not have to invest in separate reception functions.

The rest of the lower level, just over 10,000 square feet, will be available as condominium space to other retail, commercial or office tenants. The developer and the City have an agreement that whatever business or agency leases or buys the space will have to be compatible with the public uses in the building.



## Contamination

### **Isn't the Borden site contaminated?**

There is contamination on the site that qualifies the property as a Brownfield\* site by the State of Michigan. Among the pollutants found on the property and in the building are lead, benzene, asbestos, toluene, xylene and DDT.

### **How will the contamination be cleaned up?**

Exterior ground contamination will be cleaned up according to Michigan Dept. of Environmental (DEQ) requirements. In most instances, this will mean encapsulation by covering the contamination with clean dirt and new lawn, and concrete for a parking lot. Interior contamination will be removed from the building or encapsulated behind new walls to prevent exposure.

### **Why would we want to do anything to save a contaminated site?**

This property sits right in the downtown and borders the Chippewa River. A pedestrian entrance to Island Park (the Oak Street Bridge) is accessed by crossing this land. It cannot be reused or redeveloped in the future by any other owner or developer unless the pollutants are cleaned up or made inaccessible.

Michigan Department of Environmental Quality has provided grant funds to assist in the clean-up through construction of the parking lot for this project. It makes more sense to make use of grants when we can.

Besides, we will have to pay to clean it up eventually anyway. One of the benefits of this development project is that Brownfield\* monies pay for the site clean-up. These monies are not an additional cost to the City or the taxpayers. Basically, we get them paid for with sources of financing other than our own.

If the project does not proceed, then the City (and taxpayers) will directly bear all of the clean-up costs on their own, 100% out-of-pocket with no support from the state. They are estimated to be between \$350,000 and \$500,000 which will be a direct, additional tax burden if the sites are ever to be utilized in the future. It is unlikely that a developer would consider a project requiring these up-front costs to clean up the site when other land is available (mostly outside the city).

\* See page 16 for definition of Brownfield.



## **Parcel B: Construction of *Riverplace on Broadway***

### **What are the plans for the new building to be constructed on Parcel B?**

Construction of a 30,000 sq. ft. building on the vacant lot west of the Borden Building. The three-story building, to be known as Riverplace on Broadway, will have a single retail anchor in the lower level. The top two floors are being designed for commercial use and/or residential condominiums.

### **How do we know that after we invest in the Borden Building the developer won't just walk away and not construct the new retail building?**

The developer cannot get the incentives and credits that have been approved without completing both Parcel A and B projects. (See Introduction, p.1, for explanation of projects). The two building projects are locked together.

### **Any idea how much the rent will be for retail or commercial space in the renovated Borden Building or Riverplace?**

To get the first floor occupied as quickly as possible with the kind of tenant we are expecting, the rent will need to be similar to what is charged in the rest of downtown, which currently averages \$8 per sq. ft.

### **What retailer will go into *Riverplace on Broadway*?**

Since the building will be privately owned, the City doesn't have the right to demand a specific type of tenant. However, the City is negotiating an agreement with the developer that will establish certain parameters for that anchor store. It is expected to be a single, national or regional anchor store that will make use of the entire first floor, fit into Class A or B of mall-worthy companies, and be appropriate for the business and residential neighbors on that end of the downtown. Since the developer is already negotiating with several potential clients, further information cannot be released at this time.

### **What type of housing is planned for the upper levels of *Riverplace*?**

The upper floors of Riverplace are being designed for mid to upper-mid income owner occupied condominiums, ranging from 1,400 to 1,500 sq ft. Each unit will have a view of the river, Island Park, the Borden Building or Mountain Town Station and Water Works Salon, all historically significant buildings, which the developer believes contributes to the desirability of this location. The developer is expecting to fill a need for people looking for condominium-type living in the midst of a downtown atmosphere. There will be no subsidized housing in Riverplace.



## City Hall

### **Why does City Hall have to go there?**

Since the project requires the City to be a partner in the Borden renovation, it makes more sense for the community to own what they invest in. However, it is true that if the City and the developer could have found another viable partner the City would not be moving.

Several of the financing tools that make this project feasible require a municipal partner. The long-term viability of the Borden Building would best be met with a tenant/owner who can be counted on to exist well into the future. The project will fail if the developer cannot find a tenant who can fit the design and space requirements. Putting City Hall in the Borden Building is simply a means to the end.

The City Commission concluded that the West Broadway Revitalization Project was worth an investment and that any public investment should show a return. Therefore, they decided to investigate the purchase of a condominium in the Borden Building in order to realize a return on the City's investment, not just as a tenant but as an owner.

Once the building is complete, the City will purchase a 28,000 sq. ft. condominium and move municipal offices into the building. The agreement between the City and the developer has been reviewed by all the state and federal partners participating in the project and calls for the City to own the condominium, the exterior of the building and all the land in Parcel A including the parking lot at the end of five years.

### **Isn't this project just a back-door attempt to get a new City Hall?**

No. The project is not about City Hall, it's about this:

After 18 months of working with the developer, in the spring of 2005 the City Commission came to the following conclusions:

First and foremost, the project is about saving the historic creamery.

Second, it's about bringing new and appropriate development and tax base to the community, as recommended by the HyettPalma Study of Mt. Pleasant's downtown conducted in 2003.

Third, it is about cleaning up contamination and redeveloping an area that has become an eyesore, which should also lead to more interest in the downtown.

Finally, it's about meeting all these goals in the most economical and logical way possible.



## **Wasn't the City looking for more space all along?**

The City has been studying space needs for a long time but always on the site of the current City Hall. Just like any other business, City administrators always plan for capital needs at least 5 to 10 years into the future. Four years ago (2001), the City hired an independent firm to conduct a space study of the municipal office building. The firm was to determine if current space was being used as efficiently as possible, whether there were changes that could be made in the short-term and what, if anything, would need to be done in the future to be sure the business needs of the public were being met.

Several short-term solutions were implemented. Much of the City's historic paper records and voting equipment is now stored off-site. Interns and Recreation and PEAK staffers work in shifts sharing desks and equipment, or in other facilities. Cemetery records and services were moved to the Nelson Park maintenance facility and additional technology equipment was purchased.

However, the consultant's recommendation was that more office, parking, storage space and design changes would eventually be required to meet technology and accessibility requirements.

In 2004 the City Commission requested that the Space Needs Study be updated to insure that the assumptions were still valid. They were. That same year, City administrators revised the Capital Improvement Plan to delay any expansion or redesign of City Hall until the economy was in better condition. However, the West Broadway Revitalization Project forced the City to reconsider its space needs earlier than anticipated.

## **How can we need more space if the city is landlocked?**

Space to do business is not necessarily a function of the amount of land a city encompasses but the services it provides and the people it serves. For example, when the federal grant for the after-school recreation and learning program ended, the City picked up the PEAK program. The City now has several more employees and volunteers, but the land area is the same.

## **Isn't the Borden Building more space than the City needs?**

Because of the Borden Building's inherent design and architecture, the City will actually end up with more space (28,000 sq. ft.) than the studies recommend. The extra square footage comes not from more or bigger offices but from working with a 100-year-old building. For example, the old boiler room will become the new commission chamber and public meeting area. It is bigger than the City would build for itself, but it is a self-contained area and just comes in that size.



The additional space will also help accommodate the City's historic paper records and voting equipment which are now stored off-site. In addition, Homeland Security issues may require more space in the future than is currently available at City Hall.

## **Why can't we move City departments like Parks and Recreation into other locations?**

Breaking departments up into separate locations often makes it more difficult for residents. People often come into City Hall for more than one reason, i.e. applying for a building permit, picking up garbage tags and registering the kids for soccer. The City has done some of that already (see pg. 12, para. 2) and residents express their view of being inconvenienced by having to travel to a different building or wait for a record to be retrieved from off-site storage.

## **Costs**

### **What is the cost of the project for the municipal offices?**

The City will purchase a 28,000 sq. ft condominium for approximately \$3.5 million and at the end of 5 years the public will also take possession of the land, the parking lot and the exterior of the building.

### **Why is the bond resolution for \$6 million?**

The formal resolution passed by the City Commission as required by State Law notifies the public, the State and bonding authorities that the City may sell bonds in an amount not to exceed \$6 million. When the City published its intent to bond for this project, we figured our costs this way:

• Purchase of 28,000 sq. ft. condo in renovated building	\$3,500,000
• Furnishings and fixtures	1,311,000
• Phone system, camera and video system, generator	200,000
• Infrastructure improvements, including parking lot and landscaping (partially funded by a loan from the State of Michigan)	375,000
• Utility hook-ups	25,000
• Bond issuance/underwriter fees for bonds	150,000
• Legal fees	7,000
• Streetscape in front of building	135,000
• Contingency	<u>296,400</u>
TOTAL:	\$6,000,000



## Costs to the Taxpayer

### What will the Borden Building project cost me?

Fortunately, not as much as you might calculate. While the City's portion of the \$15 million West Broadway Revitalization Project could run as high as \$6 million, the taxpayers will not be funding that much in new millage.

The following shows the results of City Commission action to date (as of September 30, 2005) to lower the burden on residents by diverting funds, transferring capital improvement dollars, using return on investments from Project 2000 and grant receipts:

Estimated maximum cost to city taxpayers	\$6,000,000
Less:	
• Estimated sale of existing City Hall	-1,300,000
• Funds from existing capital reserves	<u>-830,000</u>
Estimated amount to be financed (without additional grants)	\$3,870,000
Annual payments from Brownfield capture	\$130,000
Annual cost to taxpayers (without additional grants)	\$30/yr.
Less:	
• Additional grants anticipated	<u>-622,600</u>
Estimated amount to be financed by bonds (best case scenario)	\$3,247,400
Annual cost for \$100,000 home	\$20/yr.*
Annual cost for \$400,000 business	\$82/yr.*
* for 15 years	

### Why should we use any taxpayer money on this project?

The first question people must ask is whether they are willing to commit tax dollars to save and restore one of the few historically significant buildings left in our community. Secondly, it is not unusual for communities to invest in the short-term for future economic success, so we need to ask ourselves whether using tax dollars for economic development makes sense.

The City has previously engaged in economic development partnerships with great success. Project 2000 is a prime example. The City took a risk back in the early 1980's to acquire property to expand the road system, create an industrial park and provide new building sites for families. The entire debt for that project is now paid off and for the last several years the taxes generated off those parcels have allowed the City to keep everyone else's millage from going up.

University Park is another example. While creating the infrastructure in University Park didn't require the taxpayers to devote new money to the project, it did require that all the taxes generated inside the park would stay there to cover the cost for the improvements. The public didn't gain from the new taxes generated but they did gain from the new jobs and the various spin-offs created, such as increased business for existing vendors and



for companies that provide services to those new businesses, as well as the disposable income spent within the community by the new companies' employees.

## **Why should the business people in other parts of town or the residents in general care about the development of downtown?**

Several other businesses have benefited from economic development tools in the past. Mission Street businesses captured their tax increases beginning back in 1991 for improvements to the streetscape. Over \$1.25 million was diverted from the general fund for brick work, sidewalks, street signs, entrance walls and plantings to give that commercial strip a boost. Other industries that can prove they will create new jobs are allowed to cap or abate their taxes for a number of years. This same concept should be available to the downtown district as well in order for it to thrive. This is important for the following reasons:

- **Downtown commercial districts are prominent employment centers.** Even the smallest commercial district employs hundreds of people, and often the district is collectively the community's largest employer.
- **Downtown commercial districts are a reflection of community** image, pride, prosperity, and level of investment, which are critical factors in business retention and recruitment efforts.
- **Downtown is the historic core of the community.** Its buildings embody the community's past and its visual identity.
- **A historic commercial district is often a major tourist attraction.** When people travel or shop, they want to see unique places rather than the sameness of shopping mall after shopping mall.
- **A healthy downtown core protects property values** in surrounding residential neighborhoods.
- **A vital downtown reduces sprawl** by concentrating retail in one area and uses community resources wisely, such as infrastructure, tax dollars, and land.
- **The commercial district offers convenience.** "Main Streets" are often within walking distance of residential areas, providing easy accessibility for the community and reducing the reliance on auto-dependent shopping.
- **Downtown is usually a government center** where city hall, municipal buildings, the courthouse, and/or post office are located. It is often an important service center for finding attorneys, physicians, insurance offices, and financial institutions.
- **Downtowns provide an important civic forum** where members of the community can congregate. Parades, special events, and celebrations held there



reinforce an intangible sense of community. Private developments like malls and strip centers can and do restrict free speech and access.

- **Downtown commercial districts represent a huge public and private investment.** It only makes sense to safeguard the value of the public buildings and infrastructure already invested in our downtown district.

Most importantly, healthy downtowns provide a solid commercial base and spur economic development in the rest of the community.

## **I just don't want a tax increase!**

Either way, tax dollars will be needed to address the issues this project attempts to solve; maybe not next year, but in the very near future.

If this project doesn't go through, the property will revert back to the City. Because the Borden Building gets more expensive to repair every year as it deteriorates, it is estimated that in another two years it may be impossible to save the building unless the roof is replaced. If that is the case, the City would be forced to demolish it and dispose of the contaminated materials according to environmental regulations. The latest estimates for demolition and disposal are between \$350,000 and \$500,000.

The land itself will also have to be cleaned up or encapsulated according to regulations governing Brownfield\* sites.

Finally, the current City Hall building, which is almost 20 years old, will need substantial attention. The latest estimates to make the changes specified in the 2001 Space Needs Study were approximately \$3.2 million.

\* See page 16 for definition of Brownfield.

## **Implications of No Action**

### **It's too expensive; this building isn't worth it.**

As of October 1, 2005, the taxpayers' cost, figured on the best case scenario (see p.12), would be about \$20 per year for a house valued at \$100,000 or \$82 for a business valued at \$400,000. It is up to each voter to determine whether the long-term benefits to the entire community from both the public and private investment in Parcels A and B are worth the price.

### **What should we do if we don't agree with the project?**

Vote no on Proposal 1.



## **What happens if we don't do the project?**

The property will most likely revert back to the City. Because the Borden Building gets more expensive to repair every year as it deteriorates, it is estimated that in another two years it may be impossible to save. If that is the case, the City would be forced to demolish it and dispose of the contaminated materials according to environmental regulations. The latest estimates for demolition and disposal are between \$350,000 and \$500,000.

The land itself will also have to be cleaned up or encapsulated according to regulations governing Brownfield\* sites.

And, finally, the current City Hall building, which is almost 20 years old, will need substantial attention. The latest estimates to make the changes specified in the 2001 Space Needs Study are approximately \$3.2 million.

\* See page 16 for definition of Brownfield.

## **Financing Tools**

See also: Flowchart tab for details

## **Where's all the money coming from?**

Financing is coming from several sources to assist the developer, the community and this specific project. Because the State recognizes the need to provide incentives to developers who agree to undertake costly projects involving contaminated sites and/or historic obsolete properties, they are making unusual commitments to this project.

1. The developer, by making commitments for historic renovation, will receive tax credits granted through the State Historic Preservation Office for expenses dedicated to preservation-related repairs.
2. By working with contaminated property, the developer will also receive tax credits through the Brownfield Small Business Act.
3. Through Michigan's Obsolete Property Rehabilitation Act (definition on page16), property taxes will be capped for 7 years at today's value.
4. The City has received grant funds from the Michigan Department of Environmental Quality for expenses such as waterfront acquisition (to extend the riverwalk trail along Island Park); soil clean-up and parking lot construction; and DDT and asbestos remediation.
5. The City, as an owner of one of the Borden Building's condominiums, will use funds set aside for capital projects to cover streetscape, landscaping and other costs related to the municipal offices.
6. Funds captured through the Brownfield Redevelopment District will be dedicated to the project to pay down bond costs.
7. Other grant funds are still being sought.



## **There wasn't enough money to cover all the services we had last year, why is there enough money for this project?**

Several of the financing tools that are available for this project can only be used for development or redevelopment projects. Funds that the City is devoting to this project are coming from capital improvement reserves usually earmarked for one-time projects.

## **What is an OPRA?**

The Obsolete Property Rehabilitation Act is a financing tool authorized by the State of Michigan to encourage commercial investment by freezing property taxes for a fixed number of years. In this case, the freeze would be for 7 years. This program is designed to compliment Brownfield\* redevelopment activities for contaminated sites.

\* See following question for definition.

## **I have heard that a Brownfield District will be used to help finance the project. What is it and how does it work?**

In general, the term "Brownfield site" means real property, the expansion, redevelopment, or reuse of which may be complicated by the presence or potential presence of a hazardous substance, pollutant, or contaminant.

Brownfield Districts permit the developer to receive Michigan Single Business Tax credits based on the amount of investment, and to capture and utilize the increase in taxes generated by the project to help pay for environmental cleanup and other eligible projects as defined by the State Act.

The Brownfield Redevelopment Financing Act and the Single Business Tax Brownfield Redevelopment Credit are two of the many tools communities are using to help level the playing field for Brownfield properties that would otherwise be unable to compete with undeveloped vacant land.

## **Benefits and End Results**

### **What does the community get for its investment?**

At the end of 5 years the public will own the exterior of the building and 28,000 sq. ft. of the interior space. (The other 10,000 sq. ft. will remain under the ownership and management of the developer's company.)

The public will also own the parking lot and all other land in Parcel A, including the railroad right-of-way in the rear of the lot. That right-of-way will be used to expand the Riverwalk Trail along the south side of the river. Additionally, the City will retain



ownership of the peninsula that overlooks the Chippewa River behind Mountain Town Station, which was acquired simultaneously with Parcels A and B.

Additional benefits include:

Borden Building (Parcel A)

- Building preserved and renovated to functional use
- Old City Hall building goes on tax roll
- Pollution cleaned up
- Blight removed
- Downtown streetscape installed in front of building
- Additional parking created
- 9,600 sq. ft. of new business lease space created
- New parking access for Riverview Apts. residents
- Eligible for future “Cool Cities” grants as a result of creating an Historic Preservation District

Riverview on Broadway (Parcel B)

- 30,000 sq. ft. of new construction
- New national retailer
- New condo owners
- \$7.5 million tax value added to tax base
- Increased downtown foot traffic and customers
- Increased TIFA funds for new and existing improvements

## **Downtown Development**

### **Why does downtown need this kind of project?**

According to the 2003 HyettPalma Study, paid for by the State of Michigan to study the viability of our central business district, it would be difficult for Mt. Pleasant to recruit new and exciting businesses downtown with the “eyesore” that is the creamery on its western edge. The restoration of the Borden Building (Parcel A), along with the new Riverplace on Broadway building (Parcel B), will serve as a catalyst to attract new investment in downtown and surrounding neighborhoods.

Secondly, downtown merchants say their customers cite a lack of parking in the downtown business district. This project includes a 375-space public parking lot on the Borden site, alleviating parking constraints for customers and residents of the downtown business district. Additionally, an increase in parking spaces should allow some Riverview residents and staff the ability to move their cars from the lot along Mosher Street to the back of the building for easier access to the rear of the building and less congestion for ICTC buses, emergency vehicles and deliveries.

This project also continues the streetscape from Washington Street down Broadway, adding more decorative light poles and plantings, giving a cohesive look and feel to the whole downtown business district.



## Why should the business people in other parts of town or the residents in general care about the development of downtown?

Several other businesses have benefited from economic development tools in the past. Mission Street businesses captured their tax increases beginning back in 1991 for improvements to the streetscape. Over \$1.25 million was diverted from the general fund for brick work, sidewalks, street signs, entrance walls and plantings to give that commercial strip a boost. Other industries that can prove they will create new jobs are allowed to cap or abate their taxes for a number of years. This same concept should be available to the downtown district as well in order for it to thrive. This is important for the following reasons:

- **Downtown commercial districts are prominent employment centers.** Even the smallest commercial district employs hundreds of people, and often the district is collectively the community's largest employer.
- **Downtown commercial districts are a reflection of community** image, pride, prosperity, and level of investment, which are critical factors in business retention and recruitment efforts.
- **Downtown is the historic core of the community.** Its buildings embody the community's past and its visual identity.
- **A historic commercial district is often a major tourist attraction.** When people travel or shop, they want to see unique places rather than the sameness of shopping mall after shopping mall.
- **A healthy downtown protects property values** in surrounding residential neighborhoods.
- **A vital downtown reduces sprawl** by concentrating retail in one area and uses community resources wisely, such as infrastructure, tax dollars, and land.
- **The commercial district offers convenience.** "Main Streets" are often within walking distance of residential areas, providing easy accessibility for the community and reducing the reliance on auto-dependent shopping.
- **Downtown is usually a government center** where city hall, municipal buildings, the courthouse, and/or post office are located. It is often an important service center for finding attorneys, physicians, insurance offices, and financial institutions.
- **Downtowns provide an important civic forum where members of the community can congregate.** Parades, special events, and celebrations held there reinforce an intangible sense of community. Private developments like malls and strip centers can and do restrict free speech and access.



- **Downtown commercial districts represent a huge public and private investment.** It only makes sense to safeguard the value of the public buildings and infrastructure already invested in our downtown district.

Most importantly, healthy downtowns provide a solid commercial base and spur economic development in the rest of the community.

