

CITY OF HOUGHTON  
PUBLIC OPEN HOUSE EVENT  
LAKESHORE DRIVE REDEVELOPMENT PROJECT  
FEBRUARY 11, 2020 5:30 pm to 7:20 pm

PRESENT: City Manager Eric Waara, Mayor Robert Backon, Mayor Pro Tem Robert Megowen, Councilors Mike Needham, Rachel Lankton, John Sullivan and Philip Foltz

Representatives of the Daily Mining Gazette, WLUC-TV, Fox UP, and WMPL, Michele Thomas of Veridea Group, Tom and Mimi Merz, Bill Leder, Kristine Bradof, Dan Liebau, Michele Jarvie-Eggart, Richard Gray, Alan and Cheryl Kiley, Terry Mattila, Don Savera, Dan Jamison, Gloria Melton, David Bach, Gail Sanchez, Bill Polkinghorn, Craig Kurtz, Darrell Guitar, Jeff Ratcliff, Marilyn Swift, Pat Coleman, Jay Green, Kevin Store, Susie Negro, Jerry Wuornmaa, Bill Deephouse, Elise Nelson, Jim Bogan, Louise Terrell, Joan Borbas, Jim Fedie, Cleo Ruonavaara, Amy Zawada, Jeff Jepsen, Jodi Reynolds, Ann Vollrath, Debra Zei, Sharon Levine, Frank Fiala, Mike Tomasi, Amlan Mukharjee, Ellen Schnabel, Norma Veurnick, and other members of the community.

City Manager Waara thanked everyone present for attending the event to discuss the proposed Lakeshore Drive Redevelopment Project.

Michele Thomas of Veridea Group gave an update of their progress so far. Veridea is taking a holistic view of the Houghton waterfront. They partnered with the city to have a parking study of downtown performed as well as a structural analysis of the parking deck. Reports from these studies should be available in April. Veridea Group is also performing a market analysis. Michele said the important items for Veridea Group to consider are greenspace, access to the water, connectivity to businesses facing Sheldon Avenue, parking and viewsapes. She expects to have a preliminary proposal to present to the Lakeshore Drive Redevelopment Committee in the summer.

City Manager Waara said the city is working with Walker Consultants on the parking study. The last downtown parking study was completed in 1999. Mr. Waara made the following points about the parking study when questions were asked:

- The consultant will take into consideration that parking needs are different in the winter months and the summer months. In the winter months there are more students in town. In the summer months there are more tourists.
- The geographic area of the parking study is the south side of Montezuma Avenue to the canal and from Franklin Square to the Bridge.
- The city and Veridea Group are splitting the cost of the parking study. The parking study will cost the city \$18,750.
- Walker Consultants will take a holistic look of the city's downtown parking.

A question was asked about why the parking decks were built where they are. City Manager Waara responded that at the time the big deck was built, the area where it is located was industrial blight. The city's master plan at that time suggested using the property for parking. At that time the waterfront was not the asset it is now.

When the big parking deck was constructed, the city owned 350' of waterfront. Now the area from the Kestner Waterfront Park to the East Houghton Waterfront Park is all public.

Norma Veurnick asked if the parking consultant will take into consideration technological advances that may open up options to parking structures. City Manager Waara stated they will look at the mobility revolution.

Darrell Guitar asked if the parking consultant will not only look at the present parking needs, but also what the future parking needs will be with the development. City Manager Waara said they will consider the development.

Walker Consultants will also include a traffic study using MDOT traffic counts.

Dave Bach said the city should consider how much greenspace the citizens want and where the city can add greenspace. City Manager Waara said the city owns a large amount of greenspace. No existing greenspace will be lost to the development. The city has been adding greenspace throughout town including recent additions to the Nara Nature Park, the East Houghton Greenspace Park and the Central Houghton Greenspace Park.

Mary Kaminski said the master plan discusses the possibility of making Montezuma Avenue a two-way street with Shelden Avenue open to local traffic only. This may relieve some traffic on Shelden Avenue.

Norma Veurink said she believes any decisions by MDOT to change traffic patterns should be made before the city develops the parking deck.

City Manager Waara said MDOT has control of both Shelden Avenue and Montezuma Avenue. It is not in their five-year plan to make any changes to either street. It could take many years for MDOT to make a change on Montezuma Avenue and they may never make the change as they have no plans for modifications to Montezuma Avenue at this time.

Frank Fiala asked if the structural engineer report says there are no major issues on the parking deck will the city postpone the development and look at other options. City Manager Waara said the city has been looking at this development since early 2019 and future development of the parking deck since the 2014 master plan. The city has been patching the parking deck for many years, but we are at the point where it needs to be replaced because it is at the end of its service life.

City Manager Waara said the planning commission solicited input from residents and business owners through the public input process during the master plan revision which took place during 2017 and 2018. The city sent out surveys to all residents, held open house events for residents and business owners, and held public hearings on the draft plan. The planning commission spent many hours drafting the master plan based on the public input received. During the public input process for the master plan, it was

discussed that the city must grow downtown and provide enough parking. We have an opportunity to leverage private development to replace the deck with something that will last a long time.

Ben Ciavola agreed that it will cost about \$8,000,000 to remove and replace the existing parking deck. Veridea Group has proposed a \$50,000,000 project. He asked if there might be a smaller project that will work. City Manager Waara said Veridea Group is doing their due diligence to determine how large of a development will work.

Citizens asked if Veridea Group could provide more than one option. Michele Thomas from Veridea Group said it is costly to have market studies performed and site plans prepared. They will provide the city with a plan and if the city does not like the plan, Veridea Group will go back to the drawing board and create another one. The development must provide adequate accessible public parking and provide a square footage return on their investment to make it viable.

Project requirements were discussed. Michele Thomas said the requirements were provided by the city in the RFQ.

A citizen asked if Veridea Group manages the properties it develops or sells them. Michele Thomas said Veridea Group develops and manages hotels and rental properties. Their business model is to build and manage not to sell.

Dave Bach said he believes the present plans are based on the wants of city government and not the citizens. He would like the citizens to have more input in the plan. City Manager Waara said input was gathered from citizens during the master plan process.

City Manager Waara said the city must come up with ways to replace the parking deck. There are no grants available for building parking decks from the government. The City could take out a bond to cover the cost of a new deck, but the yearly bond payment would be \$400,000. The city would have to find a way to pay for this. Working with a private developer provides the city with the opportunity to leverage private investment to replace the parking deck.

Dan Jamison said the developer will pay property taxes and grow downtown. This extra income will help the city pay for parks and greenspace.

City Manager Waara said if the city is not growing, it is dying. The city needs to generate new taxes to prevent raising taxes. A new parking deck project costing \$8,000,000 with a yearly bond payment of \$400,000 would cost every taxpayer in the city an extra \$250 per year in taxes. Parking permits would need to increase to \$2,000 per year.

Eric Wisti said he believes economic development is important. He is concerned that there are too many hotels now and another hotel will take away business from other hotels. City Manager Waara said the developer is performing market research to determine what the local area needs.

A citizen mentioned the proposed new conference space will bring more people to the area.

A citizen asked if Veridea Group will receive tax assistance. City Manager Waara said the city is not planning to give any tax credits for this development. The State of Michigan has Brownfield tax credits available. These tax credits require state and county approval.

A resident asked if the development will bring more employment opportunities. City Manager Waara responded that it will bring employment opportunities. This kind of development will also add to the quality of life in the area. When new employees for Michigan Tech and the MTEC SmartZone tour the area they are looking for more housing options. This development will provide a new housing option that Houghton does not have at this time. Employees need a place to live that provides good housing options.

Kevin Store of the Portage Health Foundation said that when he is recruiting new employees they often ask if there is better housing available. He feels this development will create an asset for our community.

Brad Baltensperger said there are many retirees looking to sell their homes and move into a condo. The few condo options in the area sell immediately. He would like to see condo development so that retirees do not have to move away. He especially thinks condos in downtown Houghton are desirable because Houghton has a vibrant commercial culture.

Councilor Needham said the council and planning commission have heard from many residents that Houghton needs more housing options. There are many people who would like to continue to live in Houghton that are looking for a maintenance-free lifestyle. They want to stay close to downtown so they can walk everywhere.

City Manager Waara said when a retiree moves to a condo, this will open up a house for a new family to move into.

City Manager Waara stressed this development will allow Houghton to replace the parking deck without having to make a large bond payment. This will help the city to continue to be financially sustainable.

Mr. Waara said that as the city grows, it needs to use the infrastructure it already has instead of spreading out because that requires new infrastructure. The redevelopment will help the city to utilize its existing infrastructure.

A question was asked about how much the city spends to maintain the parking deck. Mr. Waara provided information on the annual budget for the parking fund:

Income	\$200,000
Expenses	
Snow Removal	\$100,000
Parking Enforcement	<u>50,000</u>
Remaining	50,000

The budget provides \$50,000 per year for maintenance on all of the decks. The general fund subsidizes the parking fund with approximately \$200,000 yearly for maintenance. The last large maintenance project on the big parking deck performed in 2012-2014 required a \$1,300,000 contribution from the general fund to the parking fund to cover the cost.

Elise Nelson said if the parking is redesigned there will be more covered parking which will require less snow removal.

Amlan Mukharjee said there is a need for a conference center in Houghton. He has concerns about the process being followed for public input.

Councilor Needham said the city is beginning the process and will continue to consider input from businesses and the public.

City Manager Waara noted the developer is investing their money. The city can then leverage the developer's investment to provide community needs such as greenspace and parking.

When the city receives a proposal from Veridea Group, the Lakeshore Drive Redevelopment Committee (LDRC) will meet to review it. If it is acceptable, there will be public meetings held to receive public comment and discussion. If it is not acceptable, they will ask Veridea Group to make changes. In answer to a question by Ben Ciavola, City Manager Waara said the city does not plan on holding design charrettes, the city plans on presenting the proposal to the public for comments and input prior to the council making a decision.

Kristine Bradof mentioned the planning commission has discussed and will continue to look into form based code as this is something that may assist with the development

City Manager Waara again stated that the proposal from Veridea Group will align with the city's master plan. The master plan asks for a mix of uses and a mix of businesses so that there will be people living, working, shopping, and recreating downtown.

Michele Thomas stated Veridea Group owns and operates its own hotels and residential properties. If they construct office space and retail space, they will rent these spaces out to other businesses. They want to create business opportunities for people in the community who want to operate their own business.

Darrell Guitar mentioned the master plan says the city wants to create connectivity from Shelden Avenue to the waterfront with a focus to turn ourselves to the water. He feels this development will assist with this goal.

A discussion was held about increased traffic and working with MDOT on Shelden and Montezuma Avenues to assist with the increase in traffic. City Manager Waara said the city works with MDOT on the state highways and will continue to do so.

Planning Commission Chairperson Tom Merz said the city works well with MDOT and he expects this relationship to continue. He expects MDOT will work with the city on changes that need to be made to assist traffic flow.

A citizen asked if the meetings of the LDRC could be public. Tom Merz, a member of the committee, said this is a subcommittee with no authority to make a decision. The subcommittee is advisory only and needs to be able to do its work.

Elise Nelson, a member of the LDRC, said citizens can relay their opinions to members of the committee who can then relate the opinions to the rest of the committee. She feels if the committee is too big it cannot get any work done.

Dick Gray, a member of the LDRD, said the committee represents a cross section of the community. They will try to incorporate citizen suggestions, but they will not be able to please everyone.

Jay Green asked the city to protect itself by putting deed restrictions on the deed about developer performance.

City Manager Waara said there will be a development agreement that will specifically state what the developer must do and what the city must do.

Citizens were asked to attend meetings of the planning commission and council. At all of their meetings there is an opportunity for the public to address either the commission or council about anything.

Jim Hertel asked about a timetable. Michele Thomas said the studies will be complete in the spring. She expects a plan in the summer.

Jan Cole asked the city to hire a planner to look at the downtown holistically. City Manager Waara said the planning commission just went through the process of gathering public input and creating a plan for the entire city.

Dave Bach asked who will own the parking deck. City Manager Waara answered that he is not sure how all of the development will fit together. There may be transfers of property and operating agreements. Veridea Group will not want to own and pay taxes on property they do not receive a return on.

Bill Polkinghorn said the city is one of the top cities in the state because it has a history of making plans, hiring people with expertise, and following through with the plans. He is impressed with what the city has done through the years.

A citizen stated that the developer will choose a development that can make it the most money. She feels the development should represent the needs of the community.

City Manager Waara said the development will help the city meet the goals of the community by providing investment. Revenue sharing from the state is not increasing. There has not been new construction downtown in a generation. The city must be financially stable to provide services the community is accustomed to.

The event concluded at 7:20 p.m.