

MINUTES OF SPECIAL MEETING
HOUGHTON CITY COUNCIL, PLANNING COMMISSION, AND DDA/TIFA
616 SHELDEN AVENUE, HOUGHTON
TUESDAY, DECEMBER 15, 2020 – 5:30 p.m.
By remote participation in accordance with Public Act 228 of 2020.

SPECIAL MEETING: Mayor Backon called to order a Special Meeting of the Houghton City Council and the Clerk took roll.

Present: Mayor Robert Backon, Mayor Pro Tem Robert Megowen, Councilors Mike Needham, Dan Salo, Jan Cole, Joan Suits, and Brian Irizarry. All council members joined remotely from Houghton, Michigan. Absent: None.

Chairperson Merz called to order a Special Meeting of the Houghton City Planning Commission and the Clerk took roll.

Present: Chairperson Tom Merz, City Manager Eric Waara, Robert Backon, Mike Needham, Kristine Bradof, Dan Liebau, Bill Leder, Michele Jarvie-Eggart, and Jennifer Julien. All members joined remotely from Houghton, Michigan. Absent: None.

Chairperson Richard Gray called to order a Special Meeting of the City of Houghton DDA/TIFA and the Clerk took roll.

Present: Chairperson Richard Gray, John McRae, Jack Swift, Mike Tomasi, Alan Kiley, Eric Waara. Absent: Jeff Bugni and Darrell Guitar.

Present for the City: City Manager Eric Waara, Clerk Ann Vollrath, Treasurer Jodi Reynolds, and Code Enforcement Officer Jeff Jepsen.

Approximately 112 people were present for the Community: Joe Dancy, Marcy Rajala, Karin Van Dyke, Jerry Tudor, Jay Green, Michele Thomas, Kristine Weidner, Jeff Ratcliffe, Michael Phillips, Bob Mahaney, Karen Foltz, Elise Nelson, Mary Fraley, Lauren Mancewicz, Rosemary Grier, Robert Drake, Larry Sutter, Garrett Neese, Traci Webb, Mary Merz, Ben Ciavola, Karin Olssen, Bill Deephouse, Brad Barnett, John Lehman, Norma Veurink, James Fedie, Todd Overbeek, Marilyn Swift, Ed Anderson, Scott MacInnes, Jennifer Tucker of MEDC, Christopher Germain of MEDC, Gail Sanchez, John and Jennifer Norkol, Pat Coleman, Frank Fiala, Jim Desrochers, Marilyn Cooper, Dan Nelson, John Sullivan, Bud Cole, Gail Neufeld, Vickie Siegel, and John Fodermaier.

OPPORTUNITY
FOR PUBLIC
TO ADDRESS:

Clerk Vollrath read a letter from David Bach of Douglass Avenue asking the council for a public engagement process to revisit the sale of the property and to investigate other options besides sale to a single developer.

Clerk Vollrath read a letter from Barbara Quenzi of Atlantic Mine stating she does not feel the public has had a chance to be involved in the process and asked the council to slow down and back up.

Clerk Vollrath read a letter from Keith Moyle, President of UPPCO supporting the plan to take down the parking deck that is at the end of its life and begin the development plan.

Clerk Vollrath read a letter from Team Peninsula supporting Houghton's efforts to redevelop the large parking deck area to include a hotel/conference center and additional residential housing. The loss of the existing conference center in downtown Houghton has caused major challenges attracting events to our area.

Kristine Weidner mentioned her client (JRG) will amend proposed Ordinance 2020-314 to leave the wetland area out of the rezoning request. She also mentioned that there has been some confusion regarding the rezoning request. The owner of the property has not received any letter of intent for any development to the property. This is only a rezoning request not a development request.

John Fodermaier thanked JRG for removing the Coles Creek Wetlands from the rezoning request. He is no longer opposed to the passage of proposed Ordinance 2020-314.

Ben Ciavola said he does not believe the City is following the Michigan Economic Development Corporation Redevelopment Ready public participation recommendations. He does not believe constructive public input was sought. The question on the August ballot showed the public wants more input.

Frank Fiala asked for a different process. He wants to discuss what other options are available.

Marilyn Cooper said she feels no one is listening to the people about what they would like to see.

Jennifer Tucker of the Michigan Economic Development Corporation (MEDC) said she is impressed with the joint meeting. She works in downtown development that includes both public and private investment. These types of projects contribute to the vitality of a community. This development hits a lot of the MEDC's hopes and dreams.

BUSINESS:

City Manager Waara explained the history of the Downtown Development Authority (DDA) and Tax Increment Finance Authority (TIFA). The DDA was created in 1983 and the TIFA in 1986 as long-term community development tools that capture the county tax millage and the city millage to be used in the districts to fund projects in the district with the hope that over time the taxable value of the district will increase and drive further economic activity. He showed maps of the DDA boundary and the TIFA boundary. The DDA collects

approximately \$200,000 per year in taxes and the TIFA collects approximately \$700,000 per year in taxes.

A graph of the taxable value and net income of both districts was provided. It shows that since 1993 the DDA value has increased 2.3 times the original value and the TIFA value has increased 16 times the original value because there has been a lot of development in the TIFA area. The DDA needs growth and that does not occur without new development.

Tom Merz pointed out that the money captured in the DDA can only be spent in the DDA and the money captured in the TIFA can only be spent in the TIFA. Money collected in the general fund can be used to subsidize these districts and has subsidized the DDA over the years through the parking fund.

Bob Mahaney and Michele Thomas presented a proposal for Veridea Group to develop a hotel, conference center, office space, retail space, residential apartments, and public parking where the current large parking deck is located.

As part of their proposal, Veridea will remove the existing deck at a cost of \$1,500,000 and rebuild enclosed parking spaces at a cost of \$8,000,000 to \$10,000,000.

Mr. Mahaney said they believe their proposal includes the objectives in the RFQ including a mixed-use development, a development that complements the historic nature of Houghton, maintains access to the back entrance of the businesses on Sheldon Avenue, and provides sufficient public parking while creating a lasting benefit to the City.

The proposal does not replace the 380 current spots on the deck. Mr. Mahaney said the parking analysis of Walker Consultants recommended a decrease in the amount of parking spaces and encouraged shared parking. It also suggested shifting parking away from the waterfront.

Mr. Mahaney said he sought public input from the Lakeshore Drive Redevelopment Committee, public participation meetings, he solicited feedback from the community, and met with private business owners.

Mr. Mahaney said the development opens up Lakeshore Drive to the daylight which provides an opportunity for the businesses located under the present deck. There is a pedestrian connector from the public parking area to the rear entrances of the Sheldon Avenue businesses.

This project is a \$40,000,000 investment in downtown Houghton and will generate millions of dollars in property tax revenue. It will provide job creation, new downtown residences, and a vibrant anchor for living downtown. The City will also save \$12,000,000 which is the cost of removing and replacing the current deck. Veridea will assume responsibility for the deck. This project can also be leveraged for other downtown development.

The total height of the development is five stories from the waterfront. The tallest part of the development is the hotel and it will be between 60-70 feet high. The apartments will not be that tall.

City Manager Waara said he hopes people will take some time to consider this development and comment in the future.

Bob Mahaney said he is excited to get this project underway. He welcomes community input. He feels this is an important development for the UP that will send a message to the outside world.

There was a question from the public about the lack of public greenspace in the proposal. Mr. Mahaney said the site is long and narrow and creates many challenges to development so it was difficult to add more public greenspace.

A question was asked about the height of the covered parking. Mr. Mahaney said the deck parking is 10 feet high. The norm for height is to allow 6'8".

A motion to adjourn was made by Needham and seconded by Salo.

Yes: All

No: None

Motion carried
Adjourned 6:55 p.m.

Ann Vollrath, Clerk