

**PLANNING COMMISSION MEETING
ESCANABA, MICHIGAN
August 14, 2014**

DRAFT

A meeting of the Escanaba Planning Commission was held on Thursday, August 14, 2014, at 6:00 p.m. in Room C101 at City Hall, 410 Ludington Street, Escanaba, MI 49829.

PRESENT: Chairperson Thomas Warstler, Vice Chairperson Patrick Connor, Secretary Roy Webber, Commissioners Todd Milkiewicz, Christine Williams, James Hellermann, Brian Black, and Stephen Buckbee

ALSO PRESENT: City Manager Jim O'Toole, Assistant City Assessor Kevin Dubord, City Council Liaison Ron Beauchamp, Confidential Secretary Amy Peltin and City Council Members: Mayor Marc Tall, Pat Baribeau, Matthew Sattem, and Ralph Blasier. Basic Marine Representatives: Lyle Bero, Randy Viau, and Terri Peters

ABSENT: Commissioner Kelvin Smyth

Chairperson Warstler called the meeting to order at 6:00 p.m.

Roll Call

Confidential Secretary Peltin conducted the roll call.

Approval/Correction of the July 10, 2014, Planning Commission Meeting Minutes

A motion was made by Commissioner Milkiewicz, seconded by Commissioner Hellermann, to approve the July 10, 2014, Meeting Minutes. Ayes were unanimous.

Approval/Adjustments to the Agenda

A motion was made by Vice Chairperson Connor, seconded by Commissioner Buckbee, to approve the meeting agenda. Ayes were unanimous.

Conflict of Interest Declarations

None.

UNFINISHED BUSINESS

Chairperson Warstler called for a recess at 6:02 p.m. so the members of the Planning Commission and members of the audience can tour Basic Marine.

Planning Commission reconvened at 7:10 p.m.

City Manager O'Toole stated at the last meeting everyone agreed on the land use and most of the conversation centered around the guarantee and performance regarding Basic Marine purchasing the land on 3rd Avenue North. City Manager O'Toole provided the Planning Commission members with a copy of the appraisal submitted to the City by Basic Marine, historical minutes from 2007, and the City Assessor's response to Basic Marine's appraisal.

Assistant City Assessor Kevin Dubord was present for the meeting to answer any questions. City Assessor Daina Norden was unavailable for the meeting, as she is in Lansing at tax tribunals, but did give a brief response to the Basic Marine appraisal submitted. Assistant City Assessor Dubord explained City Assessor Daina Norden's review of the appraisal. He stated the idea of an appraisal is you get 4 or 5 comparable properties that have sold and come up with an average price. The property is an industrial property and makes it more difficult to find properties to compare, so Basic Marine's appraiser gathered what they could for comparison. Usually on a residential property the appraisal institute says it is "good practice" to stay within a 15% deviation either way. Even on vacant land this percentage can be higher but when you get to an 80% variation it is a lot. City Assessor Norden feels their comparison is way out of line and has the depreciation at 100%.

Commissioner Williams asked why there was such a difference and what are they basing their analysis on. Chairperson Warstler stated the analysis being referenced is on pages 27 & 28 of the appraisal report.

Commissioner Williams asked if there was any documentation of the property being environmentally contaminated as Basic Marine's appraisal uses a residential foreclosure with potential contamination issues as a comparison. (110 North 3rd Street).

City Manager O'Toole did discuss with City Assessor Daina Norden, as well as a private appraiser, and that is where the \$133,000 recommendation originated from the two assessments. The City purchased the property in 1998 for \$65,000 and it has appreciated over the years and that was factored into the price of \$133,000 and with a private market assessment.

Commissioner Williams also noted that on page 28 of the Basic Marine appraisal it states adjustments were considered for the conditions of sale for each comparable due to the potential or having environmental contamination issues. She asked what are the contamination issues and where they were referenced as support.

City Manager O'Toole stated that City Assessor Norden considered the recent sale Basic Marine purchased (Irish property) and that the vacant property was a similar like property (the Peninsula).

Assistant City Assessor Dubord explained City Assessor Norden figured the value per square foot, which she does for all commercial property, as well as, per lineal foot. Per lineal foot - if you take the \$65,000 the City paid many years ago that comes out to \$245 per foot. Homes on Lake Shore Drive start at \$1000/ft by the park and down by Portage Marsh are \$350/ft. Basic Marine's appraisal is coming in at \$130/ft.

Chairperson Warstler asked if the City wants to sell the property and as a Planning Commission do they want to make a recommendation, and if so attach conditions to a sale.

City Manager O'Toole explained the Planning Commission is being asked the following: a) Is the proposed use consistent with the Master Plan, b) Are there any conditions of sale that might be recommended to the City Council, c) Are there any guarantees and recommendations the Planning Commission would move to the City Council, d) Planning Commission can make a recommendation not to sell the property and explain why. At the last meeting there was discussion regarding screening the property and cleaning up rubbish and debris. There was also considerable discussion regarding performance and guarantees.

Commissioner Hellermann asked if there has been a discussion regarding price. City Manager O'Toole stated there has and Basic Marine is at one number and the City at another and ultimately the City Council will decide the number they are comfortable with which will benefit the people of Escanaba.

Lyle Bero stated the best use of this property will be to allow Basic Marine to continue their break wall to allow access to larger ships. It will be a more park like setting, attract cruise ships and increase tourism. Mr. Bero discussed when Basic Marine approached the City and their campaign from 2002 "just add water" from the City of Cleveland- Cruise ships was to come in and tie up and Escanaba will be the "Riviera of the North". He went on to state industries will pop up increasing heavy industrial jobs by needing 200 temporary trade jobs to service ships and thereby increasing revenue for the City of Escanaba. Mr. Bero explained Escanaba has flat lands, museum, and lighthouse all very attractive to cruise ship passengers. Mr. Bero stated this will be the best thing for the City since Harnischfeger. Basic Marine would love to have the property at a fair price. It's important to obtain this property for what they need to do and stated it can be worked around if they have to, but it would sure make a nice presentation for our shoreline and it would be cleaned up. Heavy industrial work will not be at the end but more of a park like setting.

Commissioner Williams stated it is her job to not act on emotions but rather on fact and to her there seems to be two very different projects being presented by Basic Marine. She would like to know which project is priority, what are the timeframes involved, and when are we going to see the completion. She is really not comfortable with not having much to go on in terms of a timeline and commitment in writing from Basic Marine.

Mr. Bero explained this is a big project and takes a long time to complete and currently taking five months to drive 800 feet of pilings and a company is coming in on August 23, 2014, to start driving steel on the pier and extend it out 45 feet across and back down again. The pilings have to be installed on the dockside next. The first commitment is the steel sitting on the property to protect the shoreline and has a vision to have a harbor here to do dockside repairs and cruise ship destination. The second commitment will be installing the pilings, then dockside pilings, and then filled with rock, eliminating the piles, and having 223,000 cubic yards of sand removed. He estimated completion in two years as utilities will have to be run before concrete caps. Terri Peters explained the permit process takes approximately three months and the permit for the point is near completion. The entire project will cost \$20-25 million. Mrs. Peters stated completion of this project is expected for 2016.

Vice Chairperson Connor asked if this is such an important project for Basic Marine why Dan Kobasic was not present. Mr. Bero stated he elected not to be here. Mr. Bero cannot answer for Dan Kobasic, but Claude Kobasic was present for the tour and Terri Peters is present at this meeting and she is the Controller for Basic Marine.

Mr. Bero explained the property acquired from the Railroad is full of railroad ties, tracks and junk. Dan Kobasic has tried to clean it up however he was unable to get in without ruining heavy equipment. Once Basic Marine gets continuous shoreline, the beautification will come after the project is complete. There will also be an area for cargo containers.

Chairperson Warstler asked if Basic Marine did not acquire this property would that affect this project. Mr. Bero stated it would not stop the project but it would impact how nice the shoreline looks. Chairperson Warstler asked if they would install the pilings even if they did not own the

property. Mr. Bero stated they would not install \$300,000 of sheet piling into a property they did not own.

Commissioner Milkiewicz stated money talk is foolish considering this is a \$20-25 million project versus \$133,000. He would like to see performance based penalties to guarantee the work will be done within a certain timeframe. If Basic Marine does all the work they will not have to pay penalties and they get the property and it's what is best for the City of Escanaba in the long term.

Commissioner Black stated the project makes complete sense but what everyone is wrestling with is the community perception of Dan Kobasic and his relationship with the community and some of the things he's done in the past. Mr. Bero wanted to address that by saying Dan Kobasic has done many things for this community that no one even knows about. Mr. Bero presented a letter from the historical society rejecting his donation offer of the L.E. Block. Basic Marine was willing to spend \$50,000 to secure that ship for the community as a museum. Instead, it sat here until the time/price was right to sell it for scrap. He is also very generous in other areas around the community that people don't know about or see.

Commissioner Williams wanted to go on record stating that she doesn't have any history with Basic Marine or Dan Kobasic and she is in favor of the project but what she is struggling with is a plan before committing the City of Escanaba to selling a very important piece of property and a very valuable piece of property. She understands the desire to have a deep water port and it makes perfect sense for this area and the Upper Peninsula as a whole. She would like to see cleaning up of the property and committing to making that property attractive and accessible.

Mr. Bero responded by staying you have to look into what has happened in the last year and all that steel that is sitting there is the beginning of a commitment. The clean-up of the property a difficult job and will be completed once the continuous sheet piling in and backfilled that is when beautification begins. Basic Marine anticipates bringing in cargos from all over the world and need a place to put them.

Vice Chairperson Conner asked about the 15ft concrete wall being installed. Mr. Bero stated it will have a set back and will be able to drive on it and then next to it will be a railroad fence. Vice Chairperson Conner recalls Mr. Bero saying this would be for the public and then stated it would have a crane. Mr. Bero stated this will be heavy industrial and have a 160lb crane lifting in that area and will not be open to the public. City Manager O'Toole stated there would be one area preserved by the City between that property and the county property where the storm drain is located but is not on the lakefront and offered that this could be a condition of sale that Basic Marine pay for and install by picking up the bike path off of 1st Avenue North to the Municipal Dock and could affect price.

Commissioner Milkiweicz noted that as a result of 911 there are new security requirements with a large fence with security patrols and the general public will not have access.

Mr. Bero stated it will not be a park like area.

Commissioner Milkiewicz stated this is a good use for the property and has no problem selling at a fair price with guarantees written into the contract.

Commissioner Hellermann stated he doesn't recommend sale of property at this time as they will be able to get the jobs without purchasing the property. A deep water port will happen regardless

of the sale of the property. He would like to see cleaning and obstructions removed and may change his mind next year or two with improvements.

Commissioner Buckbee stated he likes the project, however the problem is promises not being fulfilled, and project does have very important economic benefits and if it is so important why is Basic Marine not willing to pay fair market value.

Vice Chairperson Connor stated his concern is performance and also Dan Kobasic not being present.

Commissioner Black stated questioned administration on the possibility of enforcing guarantees.

City Manager O'Toole suggested a subcommittee with one member of the Planning Commission, City Council, the City Attorney, and the City Manager and the City Assessor as ex-officio be formed to address Planning Commissioner's concerns, public concerns and come up with a viable plan and sale price, which would be forwarded to the City Council.

Commissioner Black feels this is a great opportunity given Basic Marine's past history.

Commissioner Williams stated she has no history but lacking a plan, time commitments, without that structure based on fact and not emotions she would back up City Manager O'Toole's recommendation to form a subcommittee.

Chairperson Warstler stated he supports the project but wants guarantees and the property could be Basic Marine's as fast as they could develop the property and would be foolish at any price without. Basic Marine needs to come to the table with a realistic time frame, milestones, price doesn't matter but \$33,000 is insulting considering the City paid \$65,000. He is also in favor of a subcommittee.

Commissioner Williams has a concern with this property being the only access to that area waterfront and would like to see it stay as a public access.

Mr. Bero responded by saying this piece of property is a danger right now and a liability for the City of Escanaba.

Vice Chairperson Connor made a motion to deny the request to sell City-owned property at this time until the City and Basic Marine can hammer out a contract that is beneficial to both sides, because in his opinion the offer wasn't enough; Commissioner Williams added that they involve the Planning Commission not just the City and Basic Marine.

A motion was made by Vice Chairperson Connor, seconded by Commissioner Hellermann, to form a subcommittee comprising of one Planning Commissioner, City Council Member, City Attorney, City Manager, and City Assessor as ex-officio to come up with any conditions of sale and negotiate a price to bring to the City Council as a whole for discussion/debate for an approval or disapproval. Ayes were unanimous.

A motion was made by Commissioner Black, seconded by Vice Chairperson Connor for Chairperson Warstler to be appointed to the subcommittee.

Ayes: Commissioner Black, Vice Chairperson Connor, Commissioner Buckbee, Commissioner Milkiewicz, Commissioner Hellermann, Chairperson Warstler

Opposed: Commissioner Williams

Motion passed.

PUBLIC HEARING

None.

PUBLIC COMMENT

Randy Viau stated Basic Marine is committed and have already bought the steel for the property owned by the City.

NEW BUSINESS

1. Project Updates:

- A. Zoning Board of Appeals Hearings/Decisions – No meeting was held.
- B. Delta County Planning Commission Update – A meeting was held regarding Cretens Brothers and their purchase of property on US 41 which was approved.
- C. Zoning/Land Use Permit Update – Since January 1, 2014, 39 zoning permits have been issued with a declared construction value of \$3.8 million.
- D. Various – A ceremonial bill signing today for the Superior Trade Zone legislation under the NEXT Michigan Development Act. The Governor was here to sign and a ceremonial signing at 4:00 p.m. today went well. Working on the bylaws and corporation enabling laws with a special council work session being scheduled for early September for presentation and also going to the Joint Governmental Board and then to the September 18, 2014, City Council for action. Once approved by everyone it will be submitted to the Michigan Strategic Fund and the Attorney General for review and along with an application, if approved thereafter it will be known as the Superior Trade Zone.

GENERAL PUBLIC COMMENT

None.

COMMISION/STAFF COMMENT AND ANNOUNCEMENTS

Commissioner Buckbee asked for the City Website to be changed to allow a link for donating memorial of trees to be on the front page of the City website for easier access along with a small article about the program. City Manager O'Toole stated this could be done.

ADJOURMENT

A motion was made by Commissioner Hellermann, seconded by Commissioner Black, to adjourn the meeting. The meeting adjourned at 8:30 p.m. Ayes were unanimous.

Thomas Warstler, Chairperson

James V. O'Toole, City Manager

Roy Webber, Secretary
Escanaba Planning Commission