

# Memo

**To:** Local Development Finance Authority Board  
**From:** Bryan Myrkle, Community Development Director  
**Date:** April 3, 2017  
**Re:** April 4, 2017 LDFA Meeting

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There are two main items of business on your agenda for Tuesday, April 4 – both involve the sale of property in Combs Park.

## **Michel's Corporation –**

Michels Corporation is a utility contractor which has secured a 5-year contract with Consumer's Energy to perform work in Mid-Michigan. It has been looking for a home-base in the region, and has settled on a purchase of the former Hearn's Enterprises & Eaton Heavy Duty site on the corner of Packard Highway and Lipsey Drive at the south entrance to the Combs Industrial Park.

The site is well-suited to Michels Corporation's needs, but by itself is not large enough to house all of its equipment and provide room for future growth. Therefore, it is proposing the purchase of a small, city-owned parcel of approximately 3.29 acres directly east of the Hearn's Enterprises site.

Michels intention is to create a gravel storage lot with lighting and security fencing on the existing site, and its vehicles would be maintained and serviced in the existing building at Hearn's Enterprises.

Michels (represented in this sale by 2000 PTSK Holdings LLC) has prepared a purchase agreement, which has been reviewed and approved by City Attorney Hitch and been given a first reading by the City Council.

The required public hearing on this property sale will be held at your LDFA meeting on April 4.

I have included with your meeting information an aerial photo highlighting both parcels. The negotiated sale price is proposed at \$38,000 for the City site, which we believe to be a fair value for a Combs Park site with Packard Highway frontage. Most sales within the park have been at \$10,000 per acre, so this represents a small premium over that.

Once you have conducted the public hearing and discussed the sale and use of the property, you are asked to make a recommendation on the sale to the City Council.

### **Alro Steel –**

Alro Steel is proposing the purchase of additional property surrounding its facility in Combs Park for possible future expansion.

I have included a drawing they prepared showing the areas they are interested in buying, as well as a letter of intent (proposed purchase agreement).

This matter has not yet gone to the City Council for a first reading, so this item is for discussion only.

An additional item on this topic is the potential for a roadway extension in support of Alro's expansion.

In my discussions with Alro, the company asked whether the City still intends to extend Parkland Drive to the east as originally planned. And, if not, would Alro be able to get permission to build a driveway for heavy equipment along the north end of their property.

We also discussed the possibility of extending the road as originally planned, which has advantages for the city; and that Alro may be willing to use funds they would have spent on the driveway to help construct the road.

The estimated cost for this roadway extension is \$225,000.

I have asked Alro representatives to attend this meeting to talk about their proposal, and I will be ready to address your questions about the roadway and its potential affect on your budget and fund balance.