



Memo

To: Honorable Mayor Armitage; City Council
From: Bryan Myrkle, Community Development Director
Date: November 4, 2022
Re: Grant amendment – Soymilk, LLC

Background

Last year, the City of Charlotte approved a local Brownfield Redevelopment Authority grant to Soymilk, LLC (Citizens Elevator) for its participation in a multi-agency effort to remove the industrial infrastructure and contamination from the site at 406 N. Sheldon St.

While the project is now complete, it took longer than expected. This was primarily due to the number of agencies involved, the time it took to dispose of all the materials and the sale of the company in the midst process. The former Citizens Elevator is now a part of Star of the West Milling Company.

Despite the delays, the project goals were successfully accomplished and a long-standing, dangerous public nuisance has been eliminated. Therefore, I ask the City Council to consider amending the grant agreement to allow payment of the grant as originally approved.

In addition to this memo, I am including the background information that I originally provided in support of the grant award.

Recommendation

Authorize an amendment to the grant agreement that would allow for payment of the previously authorized grant.

Financial Impacts

This would allow the expenditure of \$17,441 in discretionary funds from the city's Brownfield Redevelopment Authority account. This is not a part of the City's general fund.

Suggested Motion

I move to approve the proposed grant agreement amendment extending the period of time for project completion.

City of Charlotte Brownfield Redevelopment Authority

Brownfield Improvement Grant – 2021 - 141

AGREEMENT

I/We, the undersigned, hereby accept the City of Charlotte Brownfield Redevelopment Authority Brownfield Redevelopment Grant FY 21/22 – 1 for the project “406 North Sheldon Street,” more specifically:

The project will help complete appropriate Brownfield site remediation for the State of Michigan Land Bank property at 406 North Sheldon Street for the purposes of returning the parcel to productive use and private ownership.

The site is a petroleum contaminated property abandoned by its previous private owners and which has become a long-term public nuisance and potential danger to the community.

The project elements this grant is intended to help incentivize include:

- Tree and stump removal
- Trucking and disposal of trees
- Dike and supporting tank structure excavation
- Dike and supporting tank structure trucking and disposal
- Tank removal / loading
- Crane for tank removal
- Tank removal trucking
- Removal of debris
- Disposal of liquid in the tanks
- Dumpsters

It is estimated that the cost of these activities may exceed the amount of the grant, which is intended to incentivize this project and leverage private investment.

I/We understand that this grant award is contingent upon the successful completion of the project as reviewed and recommended by the Community Development Department and approved by the Charlotte City Council.

Furthermore, the grant will be awarded as reimbursable only upon submitting to the City of Charlotte Community Development Director appropriate evidence of project completion. This project documentation may include paid receipts of work completed specifically related to the project, and/or photographic evidence of completed work, as may be appropriate, depending on the project element.

The total grant award is not to exceed \$20,000 of documented project expenses.

I/We will cooperate fully with City staff in all aspects of reviewing this project, and agree that this project will be completed no later than December 31, 2021. Any changes to the scope or timeline of the

project must be submitted in writing to the City of Charlotte Community Development Director for approval. The City of Charlotte reserves the right to inspect the project to ensure that it is completed in compliance with the original proposal.

Bob Mansfield, for Soymilk, LLC

Date

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TO: City Council

FROM: Bryan Myrkle, Community Development Director

SUBJECT: Brownfield Redevelopment grant – 406 N. Sheldon St.

DATE: September 16, 2021

In the early 2000s, the City of Charlotte created a Brownfield Redevelopment Authority district covering all properties within the city limits. The purpose of this district is to provide opportunities to help remediate properties with real or perceived issues with industrial contamination.

Charlotte has a long history of industry and manufacturing, and many of the older industrial areas are in the heart of the City, now surrounded by residential neighborhoods. Using Brownfield incentives to encourage the clean-up of old industrial or commercial sites makes them more attractive for redevelopment, and helps reduce or eliminate negative spill-over effects, such as blight, groundwater contamination, odor and related nuisances and hazards.

Shortly after creating the Brownfield district, the City of Charlotte obtained more than \$400,000 in grant funds from the United States Environmental Protection Agency to identify and study potentially contaminated sites in the City.

During that process, City officials identified and prioritized the site at 406 North Sheldon as an important contaminated site representing a significant public health and safety concern.

The site is an abandoned petroleum storage facility located along the railroad right-of-way, surrounded by residential homes and the Citizens Elevator complex. It contains both above-ground and in-ground petroleum storage tanks, some with aging petroleum product still in them. The above-ground tanks are supported by a steel framework wrapped with asbestos-like fire retardant material that is degraded, frayed and spreading throughout the property. Because the site is overgrown with trees, any activities there are hidden from view, and it has become a regular

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'hangout' and dumping ground, evidence of which is easily found during site inspections. There are food wrappers, beverage containers and other personal debris at the site, along with the debris and abandoned infrastructure related to the site's original use.

Because the property was abandoned, the State of Michigan foreclosed on the property due to back taxes owed, and it became property of the State Land Bank Authority, which has owned it since 2003. Aside from monitoring underground contamination, the State has not done anything in that time to improve site conditions.

However, in 2019 another outreach was made to the State by both the City of Charlotte and Citizens Elevator. Both parties have had an interest in seeing the site remediated. The City's mission is to protect the health, safety and welfare of the community, which this site is actively harming. Citizens Elevator is the premier exporter of food grade soybeans in Michigan and possibly the entire nation. In fact, on September 9th, it will be named the State of Michigan's Exporter of the Year, which is a great honor to have in our community. However, having an obvious health hazard at the immediate perimeter of a food-grade facility undermines its efforts to produce a high-quality exportable food product.

After receiving an application to obtain the property from Citizens Elevator, the State of Michigan Land Bank agreed to help remediate the site in partnership with the City of Charlotte; the Department of Environment Great Lakes, and Energy; and private environmental consultants, with the goal of returning the site to private ownership and eventual productive use. Once the petroleum storage tanks and related infrastructure is removed, the site can be cleaned-up and ownership transferred to Soymilk, LLC (a division of Citizens Elevator) for a nominal fee. Once remediated, the site can serve as a small buffer between the elevator site and surrounding residential properties. Eventually, it could be incorporated into Citizens larger operations if that becomes feasible, but removing the health and safety hazard is the immediate goal.

Through a Tax Increment Financing plan, the City has been slowly accumulating money in its Brownfield fund for local use through grants and loans. Each potential brownfield site is different, and a fitting incentive must be found for each one. In some cases where immediate, large scale

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development is planned, a special Tax Increment Plan could be written to reimburse a business for environmental work it undertakes; for smaller developments, a low-interest loan could be provided to help close funding gaps when environmental issues drive-up the cost of a project. In this case, the site is very small and there is no immediate development proposal that would generate enough taxes to fund a realistic TIF plan. Left undeveloped, it is anticipated the site will generate less than \$500 per year in total taxes, and only a portion of that would be captured by TIF.

At the time this project was conceived, the City had approximately \$20,000 in available Brownfield funds that were not already dedicated to Brownfield loans or reimbursements. City Council members may recall discussions about using those dollars to fund CharlotteRising and/or other community marketing activities; however the launch of this remediation project was deemed a more appropriate use of the funds. The City committed to helping the clean-up effort at an amount not to exceed the \$20,000 it had on-hand at the time. The exact amount of funds necessary was not clear, due to many unknown site conditions (for example, the underground tanks had not been identified at the time, nor was the depth and extent of the cement foundational structures).

Over the past few months, quite a bit of work has been done at the site, with the removal of the underground tanks being the most dramatic. However, the work continues with the demolition and removal of the above-ground tanks and related infrastructure as well as years of site overgrowth. The State has completed its share of the work, and is prepared to transfer the property as long as the remaining site work will be completed. Soymilk (Citizens) will either complete the remaining work directly, or hire it done as may be necessary.

Because the remaining work is significant, there is a funding gap the City can help close with those available Brownfield funds. To that end, I have prepared a grant agreement with Soymilk, LLC that formalizes the City's commitment and outlines the eligible Brownfield work the grant would pay for. It covers nearly \$20,000 worth of the remaining work. It is anticipated that even more work at the site will have to be done to leave it in an acceptable condition for transfer to private ownership, but as the new owner Soymilk, LLC will be responsible for any additional costs. The City's commitment is limited to this single grant award.

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This project represents the successful completion of a long-term community development goal of the city, which began with the establishment of the Brownfield Redevelopment Authority District nearly 20 years ago. It improves the health and safety of our neighborhoods and supports the success and continued development of one of Charlotte's premier businesses.

