



Memo

To: Honorable Mayor Armitage; City Council
From: Bryan Myrkle, Community Development Director
Date: January 13, 2023
Re: Proposal from Charlotte Anodizing

Background

The City of Charlotte has received a proposal for the purchase of industrial property in the Combs Industrial Park.

Charlotte Anodizing Products has been in business on Packard Highway since approximately 1995. The company was recently purchased by Avalon Pontoon Boats from Alma, Michigan. The new leadership is proposing to purchase approximately 24 acres of property in Combs to construct a new facility for Charlotte Anodizing in the near term; but also have room for projected future growth. Avalon has an established history of growth and expansion in Alma, and foresees a need for additional space in coming years.

Combs Industrial Park was a bequest to the community of Charlotte from Samuel A. Combs in the early 1990s. Mr. Combs had an enduring interest in the growth and development of Charlotte, and he intended this gift as a means for the City to facilitate new job creation and grow its tax base.

I worked with Charlotte Anodizing to develop the basic terms of this proposal, and City Attorney Hitch worked with them to prepare the Letter of Intent. Similar to what we asked recently for the Eric Rogers, LLC proposal, we are asking you to consider this offer and, if reviewed favorably, authorize city staff to move forward with those items necessary to complete the sale. These would include, at minimum, property surveying, title work and preparation of necessary legal documents (purchase agreement, resolutions, public notices, etc).

In terms of the offer itself, the \$10,000 price per acre is the established price that all property within Combs Park has been sold. Because the property was a gift, the City does not have any purchases costs to recover in a sale, giving Charlotte a competitive advantage when pricing its industrial property. The primary benefit to the community would come over the long-term, from future taxes on the development and related economic activity.

Another aspect of this offer (item F) is a commitment from the City to assist with the installation of water, gas and electric utilities as the property is developed. This would be in the form of financial assistance from the City's LDFA fund. This fund was created from taxes paid by property owners within Combs Park; and its purpose is to facilitate the development of necessary infrastructure within the park. Utilities extensions would be an appropriate use of these funds. There is approximately \$1.1 million in this fund.

Item H of the Letter of Intent indicates that existing easements would not be included in the calculated acreage of the purchase price. There are two significant easements in the area of this proposal that limit the amount of useable property. This includes a sanitary sewer easement and also a county drain easement. Therefore, the final calculation of acreage will need to be determined during the process of surveying.

If, for some reason, Charlotte Anodizing is not able to expand its business to make use of the property it proposes to purchase, the terms here (Item I) would allow them to sell it to another user in the future. The City would need to approve the sale, so as to ensure the new user is an appropriate fit based on the city's established zoning regulations and the development covenants associated with Combs Park (these include certain development standards, landscaping requirements and use restrictions). Those same standards would govern Charlotte Anodizing's developments at the site, as well.

Charlotte Anodizing currently employs 60 people at its facility on Packard Highway. Due to its age and condition, this facility needs to be completely replaced, and allowing the purchase of this property for a new facility will protect those jobs and open the door to future new job creation.

It is also important to note that, between the Eric Rogers LLC proposal and this proposal, the majority of property within Combs Park will be owned for private development. When the City undertakes the proposed update of its Master Plan, I recommend that special attention be paid to identifying sites that could be earmarked for future industrial development.

Recommendation

Consider proposal from Charlotte Anodizing to purchase approximately 24 acres of property within Combs Industrial Park.

Financial Impacts

The immediate benefits would include the sale revenue of approximately \$240,000 and the retention of 60 existing jobs at Charlotte Anodizing. Longer-term benefits would include new job creation in Charlotte as the company grows, and the enhanced tax revenue from industrial development.

Suggested Motion

I move to accept the terms proposed in the Industrial Purchase Letter of Intent from Charlotte Anodizing and authorize city staff to take those steps necessary to complete the sale.