

**City of Sault Ste. Marie  
ECONOMIC DEVELOPMENT CORPORATION  
Minutes of the Board of Directors Meeting  
February 9, 2021 via Zoom**

**1. Call to Order & Introductions**

Chair McCoy called the meeting to order with the time being 12:05pm.

**2. Roll Call**

Members Present:	Tom Veum	Dr. Rachael McCoy	Jim Devaprasad
	Dan Dasho	Rob Landis	Kelley Bunker
	Gary Sharp		

Members Absent: Tim Ellis

Staff Present: Jeff Holt Tracey Laitinen

Others Present: Tony Haller, Chamber of Commerce  
Jeff Hagan, EUP Regional Planning  
Chris Olson, Chippewa Co. EDC  
Fred Smith, Smith & Co. Real Estate

*It was moved by Sharp, supported by Bunker to excuse those board members absent. The motion carried unanimously.*

**3. Agenda: Changes, Additions, or Deletions**

*It was moved by Dasho, supported by Devaprasad to delete items 8 and 9 from the agenda. The motion carried unanimously.*

**4. Matters presented by the Public – none at this time**

**5. Approval of Minutes**

*It was moved by Sharp supported by Dasho to accept the January 12, 2021 EDC Board Meeting. The motion carried unanimously.*

**6. Approval of Financial Report: Profit & Loss, Balance Sheet & Check Detail**

Laitinen reviewed each fund YTD, Redevelopment, Essex, Incubator, and EDC Operations. Receivables are rent from BMCC at the Incubator that was just billed out. Contracted services will need a budget adjustment prior to June 30 as grant requirements hit that line item expenditure.

*It was moved by Dasho, supported by Landis to accept the financial report as presented. The motion carried unanimously.*

**7. Approval of sale of Lot #10**

Consideration to sell approximately 3.15 acres of City-owned property                      Fiscal Impact \$5,000

BACKGROUND: The City-owned, EDC managed, lots at the Industrial Park (IP) were listed through an RFP process, by Smith & Company Real Estate, on November 1, 2018. Over the last 2 years, there have been inquiries and marketing, but no offers have been made.

The plan is to purchase Lot #10 for a total of 3.15 acres as shown in the attached map. This lot is adjacent to several other manufacturers but none have shown interest in this specific parcel. The proposed development would consist of a staging area and 1 building with the hiring of 3 additional employees. This addition is in direct relation to Bunker having received a contract for the Soo Locks Project. If the property is buildable then the plan will be to build

a 60' x 80' facility. If wetlands are a hindrance then the plan will be to add on to their existing building with a 50-75' x 80' addition.

Benefits to Sault Ste Marie: Workforce to build the facility as well as 3+ new hires anticipated. While taxable value has not been evaluated with a structure, the lot will generate over \$2,000 annually to the City which is currently receiving no revenue on the property. Increase in utility draw. Extension of utilities will make additional lots more marketable. Additionally the EDC will no longer have to mow and brush hog this parcel.

Preliminary Development Timeline: Acquisition of Lots February 2021

Spring 2021 Site work, sewer, and foundation for Building #1

Summer 2021 Complete construction/new hires

Hurdles: Phase I and Phase II Environmental Assessments will be necessary as this was a previous creosote dumping area from when the Cadillac Company was in operation. Unsure of environmental costs at this time, but base BEA is \$5-7,000.

COMMUNITY OUTREACH: Lots have been publicly listed since November 1, 2018. Signs are posted on the lots; press releases and marketing have been published locally, regionally, and in Sault Ontario. Our GIS mapping lists the City lots as available as well. No other offers have been made on the parcel in question.

FISCAL IMPACT: Lot #10 is listed with Smith and Co. for \$72,800. The City Assessor gave us an updated 2021 value of \$67,000 (TV \$33,500). Referring to the attached map, our Community Development Director indicates that is wet and anticipates contamination. The property has now sat vacant for some time with no tax or utility revenues captured. Smith & Company has agreed to reduce their 10% commission of the listing price to 10% commission of the sales price or \$500.

The EDC and City both realize that getting parcels back on the tax rolls is key, along with development and new hires to increase taxable value and grow our region. For this parcel we are able to achieve a portion of those goals, but due to the potential environmental and wetlands issues it is not a strong contender for development.

EDC Costs to date:

Staff time: 55 hours \$1,540 (initial meetings w CREAD, listing RFP, Smith & Co.)

Brush hogging annually \$600

For sale sign \$75

Survey: \$250

Title Work: \$100

TOTAL= \$2,565

The EDC makes the following recommendations to the City Commission:

1. To waive the City's Land Sale Policy bidding process (attached) as this offer has a detailed redevelopment plan and has been for public sale for over 2 years now with no offers.
2. To accept the offer as presented for 3.15 acres otherwise known as Lot #10 in the Industrial Park for a total of \$5,000 to close in February 2021.
3. To transfer net proceeds of approximately \$3,827.00 to the EDC held Essex fund for redevelopment projects via an EDC-City agreement.

McCoy inquired about what hoops and investment would be required on Bunker's end to complete the purchase and redevelop the site. Bunker explained the wetland area was large and then the environmental and potential additional costs for any contaminant removal, if required. Smith added that a baseline BEA would be \$5-7,000 and that this protects the buyer and findings do affect the property's value.

Discussion was had regarding this lot compared to a dry, non-contaminated, fully developable 3 acre parcel inside City limits and the Assessor's valuation. Holt and Smith explained that there had been only one inquiry in the last two years and this was the only offer that was actually brought forth. Smith explained his discount in commission from 10% of the assessed value to 10% of the sales price for this offer. The group discussed that the overarching goal when listing these properties was to encourage redevelopment, private investment, and hiring, as well as returning them to the tax rolls. Landis noted that the map in the packet does not show the thick brush and cost that it would take to get the entire lot usable. The group wanted to make it clear that there were no favors given to Bunker for the purchase of this lot. Dasho added that is important to review this offer as the parcel has issues and we don't want to look back in 10 years and have it still be vacant.

*It was moved by Landis, supported by Dasho to accept the offer as presented pending City Commission approval. The motion carried unanimously. Bunker abstained from the vote.*

**10. Finance Committee Report – Landis**

Laitinen summarized the budgets moving forward noting upcoming meetings with City staff on February 15<sup>th</sup> and March 5<sup>th</sup>. Landis reviewed Dasho's concerns from the audit. The EDC will get a copy of the City's investment policy and review this annually when looking at housing EDC funds in an institution. Currently the OMB banking consolidation is current until March 2022. There are no finance committee meetings scheduled at this time.

**11. AGX Site Readiness Grant Closeout**

Holt summarized the report in the packet and encouraged the board to review the before and after photos. For a grant match of \$5,000 over \$40,000 was pulled together by MEDC and the owner. Thank you to MEDC for supporting local Sault Ste. Marie projects in the Air Industrial Park as well as spurring additional development.

**11. Tenant update**

A narrative on EUP Regional Planning was provided in the packet as well as a revenue spreadsheet and map of both facilities. Hagan reported they are happy to be moving into the Smartzone this month.

**12. & 13. Annual Report & Director's Report**

Holt reviewed the annual report which can be found on our website at: [https://fc71f1b5-2ea5-4502-a2c5-f75e57496377.filesusr.com/ugd/84e91d\\_aba4c40f3ebe40e4ba61ded6c53302b4.pdf](https://fc71f1b5-2ea5-4502-a2c5-f75e57496377.filesusr.com/ugd/84e91d_aba4c40f3ebe40e4ba61ded6c53302b4.pdf). McCoy added that this past year has been challenging, but the EDC had great accomplishments.

Holt also added that the renovations at the Incubator are going well and the building looks amazing. The Kmart redevelopment site design was shared at this week's ERA meeting. The Survival Grant awardees will be contacted this week. Holt coordinated Kokosing moving into the Tech Optics building for several months to work on the Soo Locks Project. At this week's Soo Locks Workgroup they were able to meet the new USACE Public Affairs officer Carrie Fox, a local who moved back after 20 years of active duty.

**12. Status Reports – summaries of meetings were included**

**13. Other Matters**


Holt congratulated Landis on his recent promotion at CSB to Executive Vice President.

Dasho asked Olson to explain the command center project. Olson reported that they are excited for this project to come to fruition after 3 years. This will bring 80-100 tech jobs and has been a large collaboration with community support being a huge factor. Olson is collaborating with educational institutions to build skills in the local workforce. Landis thanked Olson for his hard work on the project. McCoy explained how her relatives from Ontario heard about the project and realize it is a win for our entire region.

**14. Next meeting is March 9, 2021 most likely will be virtual.**

**13. Adjournment**

*It was moved by Landis, supported by Dasho to adjourn the meeting at 12:54pm. The motion carried unanimously.*

  
Dan Dasho, Secretary