

Public Meeting

Plainwell Paper Mill Update
September 26, 2019



WELCOME.....

Why are we here tonight?

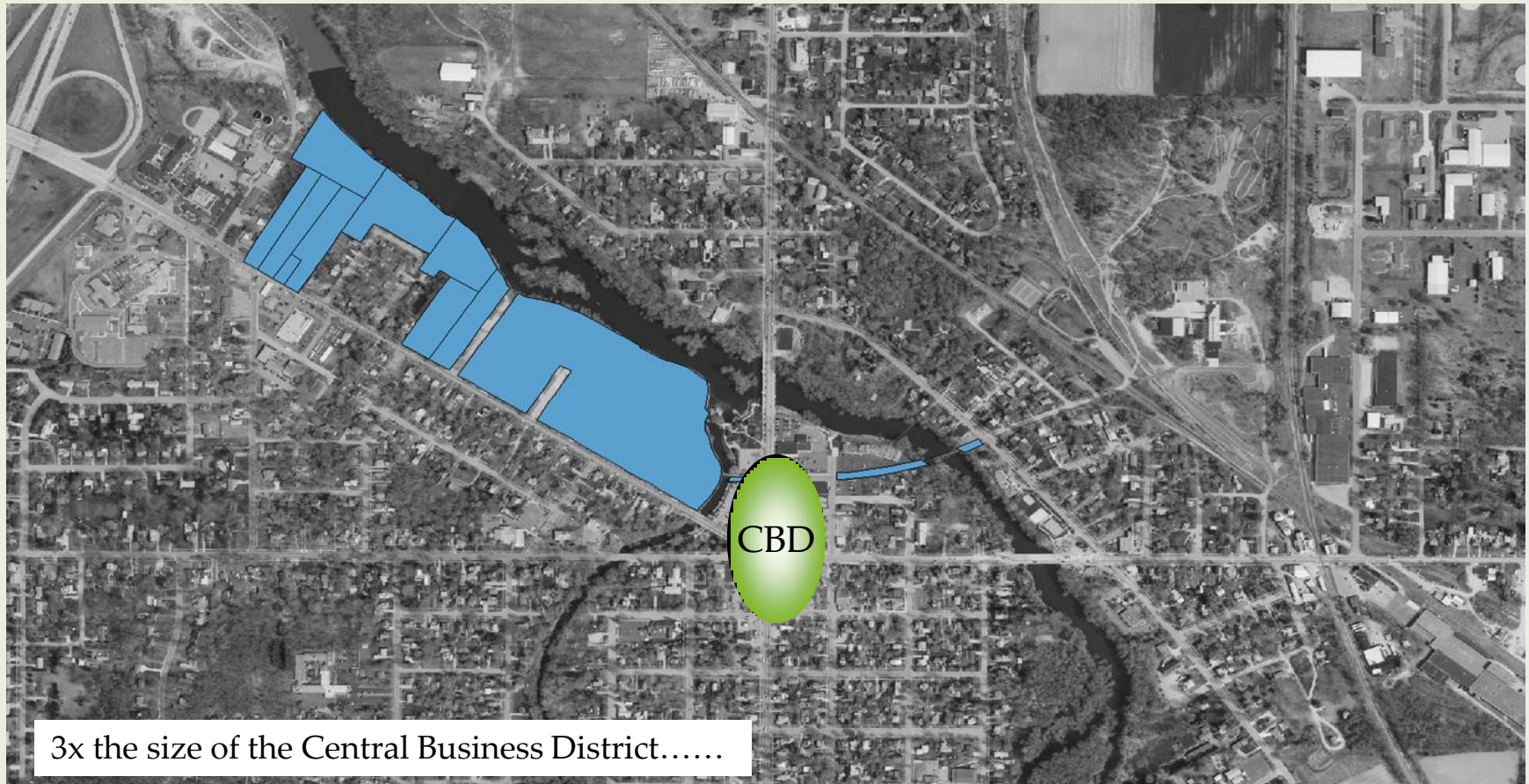
Public input on.....

- Review of Mill Acquisition
- Development Progress
- Current Opportunities
 - Public Hearing: Demolition Grant Application
 - Remediation Progress
 - Consumers Power Poles



Review of mill acquisition

- Big...36 Acres in a city of 2.2 sq. miles
- Over 250,000 sq. ft. of building (east side)
- 2,134 feet of state highway (M-89) frontage
- Adjacent to U.S. 131 and CBD
- "Front door "off expressway
- 3,370 (.64 miles) feet of river frontage



Review of mill acquisition

Bankruptcy – November, 2000

- Tied to the social fabric of the community
- Loss of economic engine – at one point, mill consisted of 18% of the City's total taxable value.
- Negative impact on adjacent property values
- Collapse of DDA
- Plainwell's future at risk

City Council: "Goals must be accomplished without raising taxes"

Gazette
LOCAL
News from Kalamazoo, Portage and southwestern Michigan

Plainwell residents say don't raise taxes

BY SHARON STURDEVANT
SPECIAL TO THE GAZETTE

PLAINWELL—Hiking property taxes for the first time in 20 years might help the city alleviate a funding shortfall caused mostly by the closing last fall of Plainwell Paper.

But city council members have not entirely ruled out other options, such as cutting positions or reducing funds spent on flower and holiday light displays.

"We have not finalized the budget in any way shape or manner," said city council member Mary Schultskotte. "And we will not make a decision until we consider all your comments."

2000 general fund revenues totaling nearly \$1.5 million and expenses estimated at \$2.56 million.

Most of the gap comes from 13 percent decrease in tax revenue that came after Plainwell Paper shut down last fall, said City Administrator Ruth King. The company left unpaid a \$411,016 winter tax bill that included some \$90,000 in personal property taxes for the city – and is not expected to pay some \$90,000 worth of city taxes during the 2001-2002 budget year.

A number of residents attended a city council meeting Monday to speak against the potential tax hike, especially if council members don't first consider other options.

Hop Chandler agreed.

"Hey," said the retired resident. "I've got the same problems as you. My gas bill and my medical costs are increasing. The answer is to stop spending. Suspend the flower programs and the light displays."

"I think keeping the lower millage would help get people into Plainwell," he added, noting that the city's tax rate may not have gone up for 20 years but the taxes paid have increased as property values rose.

A number of council members noted that a potential tax hike is only one option being considered.

Council members will next consider the issue during a 6:30 a.m. meeting Monday.

Kalamazoo Gazette

September 2, 2000 Kalamazoo, Michigan 50c

Plainwell Paper closing

BY AL JONES, CHRIS KNAPE and MIKE TYREE
KALAMAZOO GAZETTE

Plainwell Paper Co. is closing and closing fast.

The mill that got its start in Michigan 114 years ago will cease production Monday, said Ann Stulp, a spokeswoman for Plainwell Inc. The company began informing employees this morning after a 6 a.m. meeting with union officials.

The company, which produces the backing for pressure-sensitive products like sticker labels, has 291 employees, including 230 union members working three shifts.

The entire cost structure of the mill doesn't support the business we're competing in," Stulp said, noting that raw material costs for the paper industry are at their highest level in 10 years. High fuel costs also were problematic.

The mill has been unprofitable for more than a year, Stulp said.

She said the paper industry is consolidating and the bigger producers are taking advantage of efficiencies. There also has been weak pricing in the markets in which Plainwell Paper competes, and the plant has been hindered by overcapacity.

The mill has three paper-making machines, one of which was shut down permanently two weeks ago because of lack of orders, Stulp said.

Plainwell Paper

- Founded 1886 as Michigan Paper Co.
- Acquired by Weyerhaeuser 1961; Philip Morris Co. 1970; Chesapeake Corp. 1985; Simpson Paper Co. 1987. Purchased in 1997 by a Minneapolis-based group of investors.
- Employment: 291
- City's largest employer: paid \$740,000 in taxes in 1999
- Third area paper company in three months to shut down: Crown Vantage in Parchment is closing this month, laying off 250 workers; Mead Corp. in Kalamazoo closed in August, laying off 180.

Please see **CLOSING, A2**

Review of mill acquisition

Government Finance Review

JUNE 2003

GOVERNMENT FINANCE OFFICERS ASSOCIATION
Exhibit 2: 10-Point Scale of Fiscal Distress

Indicator	Performance Standard
Population Growth (2 years)	If the government lost population, then it is penalized one point.
Real Taxable Value Growth (2 years)	If the government experienced negative real growth, then it is penalized one point.
Large Decrease in Real Taxable Value (2 years)	If growth in real taxable value is less than -0.04 , then the government is penalized one point. The level of -0.04 is approximately one standard deviation below the average two-year real growth rate for cities and villages and approximately 1.5 standard deviations below the township average. The standard used is closer to the city and village standard deviation because very few townships experienced fiscal distress.
General Fund Expenditures as a Percentage of Taxable Value	If a city or village scores greater than 0.05, or if a township scores greater than 0.01, then the government is penalized one point. This is the only variable for which we use a separate standard depending on the type of government. We did this because a half standard deviation in the "wrong direction" gives a standard of 0.05 for cities and villages and 0.01 for townships.
General Fund Operating Deficit	This indicator is calculated by subtracting general fund revenues from general fund expenditures for a given year and dividing the result by general fund revenues. If the result is less than -0.01 , it is considered a nontrivial operating deficit and the government is penalized one point.
Prior General Fund Operating Deficits	Governments are penalized one point for each year in which they record an operating deficit. Thus, they can be penalized a total of three points for operating deficits—one for a current operating deficit and two for previous operating deficits.
General Fund Balance as a Percentage of General Fund Revenues	If this ratio is less than 0.13, then the government is penalized one point. Using a half standard deviation in the "wrong direction" as a benchmark (indicating a low fund balance), the resulting indicator threshold is about 0.13.
Current or Previous Year Deficit in a Major Fund	Governments are penalized one point for a current or previous year deficit in a major fund. For a definition of a major fund, see Stephen Gauthier, <i>Governmental Accounting, Auditing, and Financial Reporting</i> (Chicago: GFOA, 2001).
General Long-Term Debt as a Percentage of Real Taxable Value	If this ratio is greater than 0.06, then the government is penalized one point. The governments in our sample averaged 0.025 on this variable. Accordingly, one standard deviation in the "wrong direction" (high debt level) gives us a performance standard of about 6 percent.

2000 Scores

8	Flint
7	Benton Harbor
6	Ecorse
6	Kinross Township
5	Hamtramck
5	Highland Park
5	Newaygo
5	River Rouge

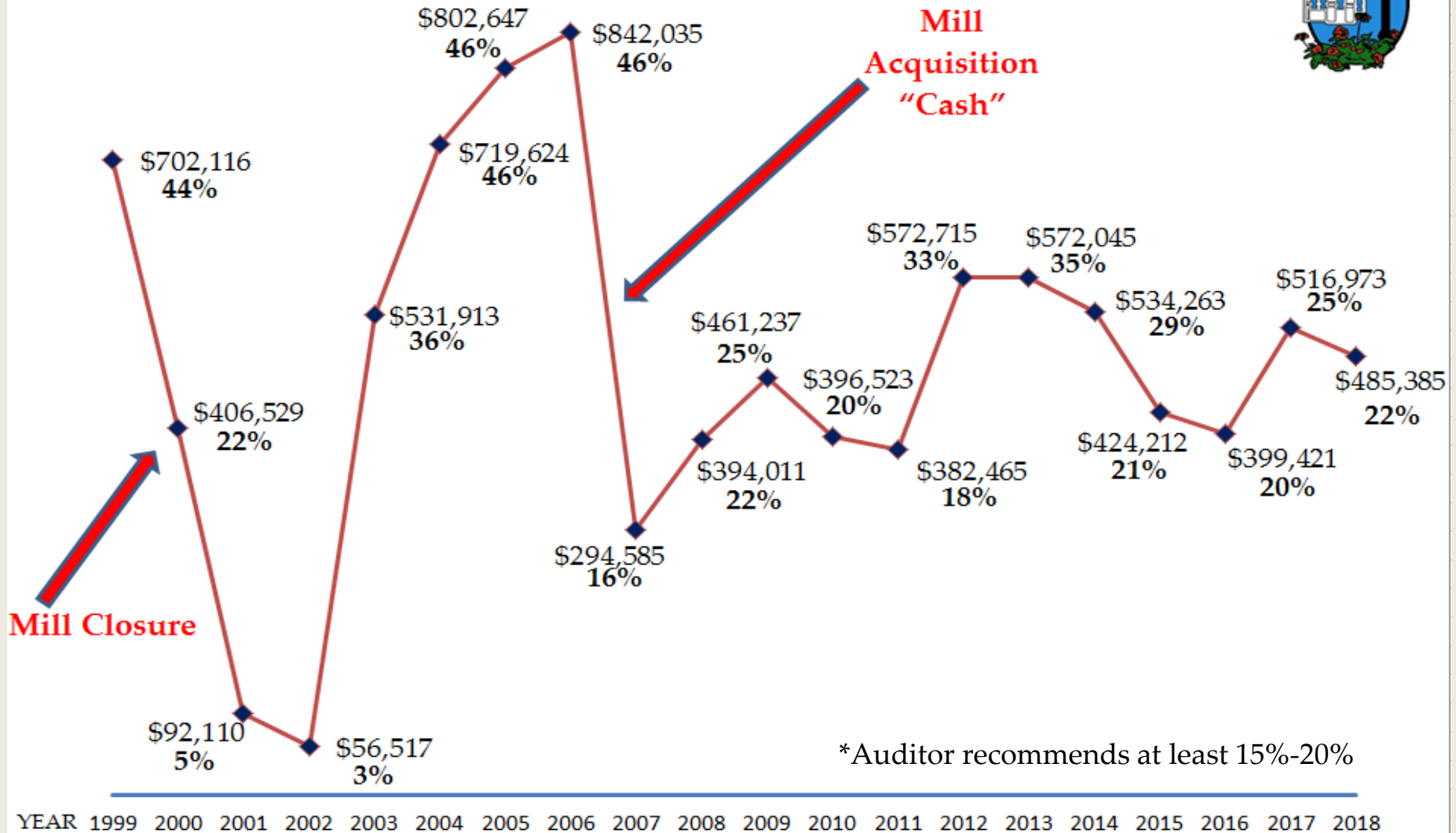
2001 Scores

9	Flint
7	Benton Harbor
7	Ecorse
6	Munising
6	Plainwell
5	Detroit
5	Kinross Township
5	Newaygo
5	Norway
5	Pontiac
5	Reading



Review of mill acquisition

General Fund Balance 1999-2018 (Cash and Percent of GF)



Review of mill acquisition

Strategic Investment: Asset or Anchor?

Why did the Council pursue the mill?

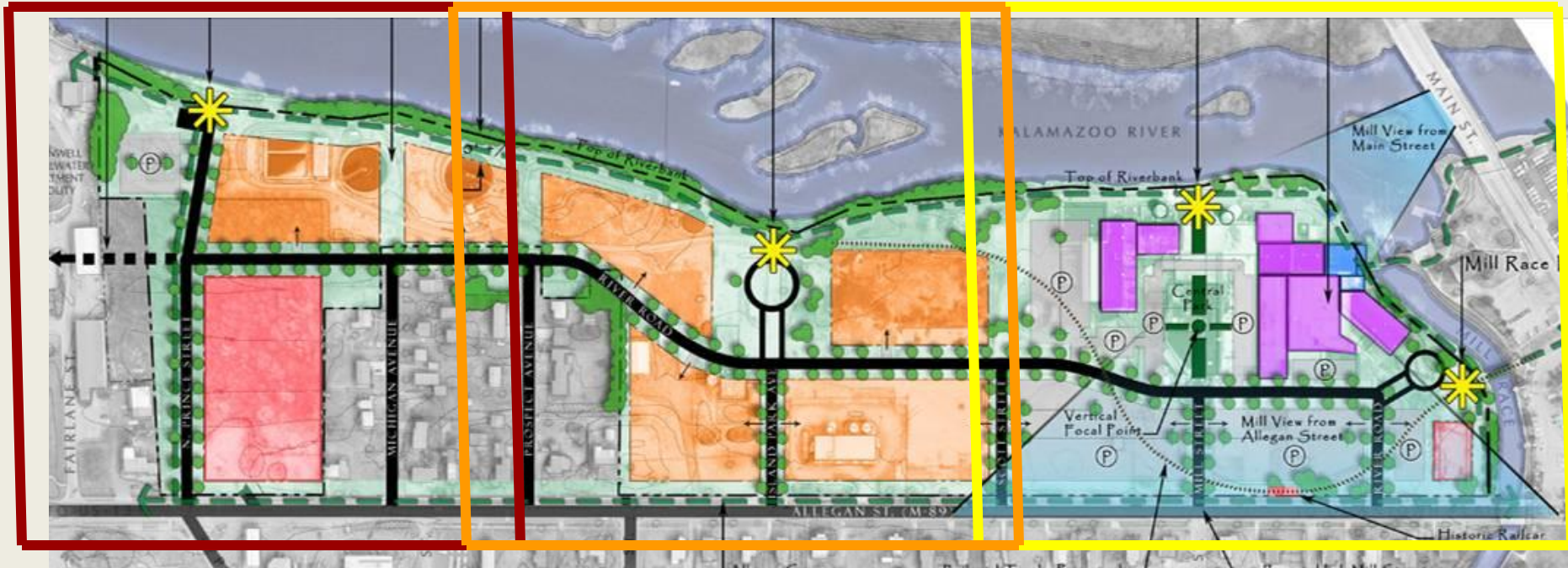
Controlling our own destiny

- Why wait?
- If not us, who?
- Shining the apple (Mill can be asset)
- No market for vacant mills
- Our terms / our vision

*Allied Paper Mill
Kalamazoo, Michigan*



Review of mill acquisition



• Western Redevelopment

- Gateway condition
- Prince St. connection

• Central Redevelopment

- River view corridors
- Allegan St.

• Mill Redevelopment

- Access and parking
- Mill race crossing

Vision for Tomorrow: Mill Concept Plan

Development Progress

BEFORE - Mill Demolition Phase I



2010 - \$2.3 Million Grant

Development Progress

AFTER



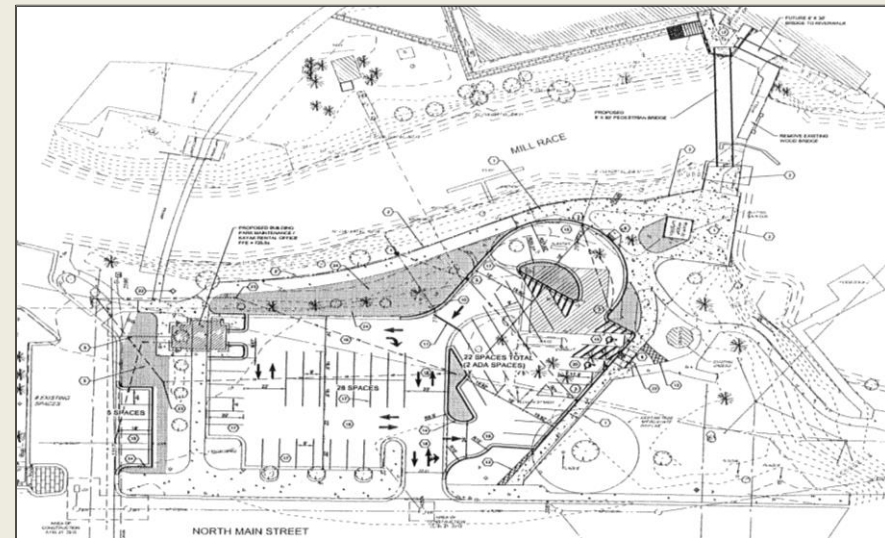
Development Progress

BEFORE - 2011 Fannie Pell Park Improvements



- Project Total - \$710,000
 - \$639,000 Grant (MEDC)
 - \$71,000 – City Match
- Additional downtown parking (25) serving the public
- Demolition of obsolete structures
- Public restroom facility
- New ADA pedestrian bridge to central mill building/improved entrance
- New kayak livery

AFTER



Development Progress

BEFORE - 2012 Public Safety Building



Development Progress

AFTER



Public Safety Building Size: 14,100 sq. ft.
Construction Contract – BCI: \$1,579,837
Construction Cost Per Square Foot: **\$112**

“Likely” Scenario:
14,100 sq. ft. X \$175 sq. ft. = \$2,467,500
(note: 2008 costs)

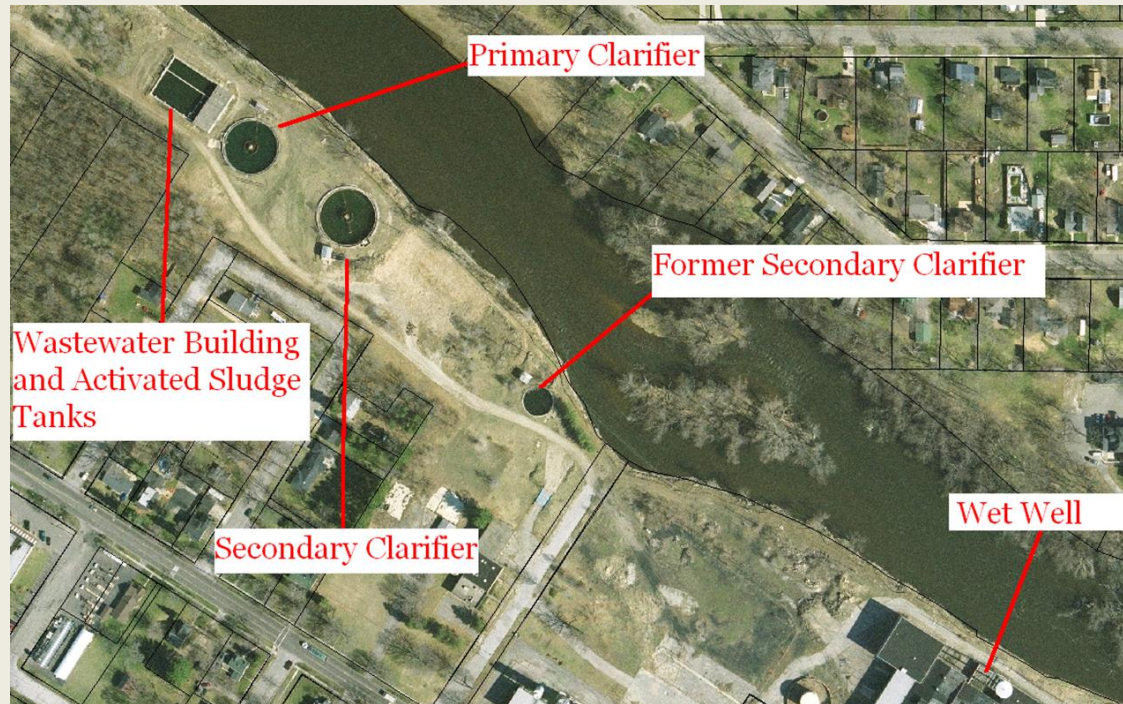
Difference in construction cost of new versus renovation: \$887,663

Debt service interest cost over 40 years:
\$840,065

**Total Savings Of Renovation vs. New Construction:
\$1,727,728**

Development Progress

BEFORE - 2013 WWTP Demolition



2013 - \$720,720 Grant
Michigan Land Bank

Development Progress

AFTER



Development Progress

2013 –City Hall Renovation

- Anchor for rest of development
- Secures access to mill building for public
- Agreement with DEQ to use scrap metal value (from grant) for City Hall move:

Scrap Value - \$597,797

City Hall Renovation - \$548,887

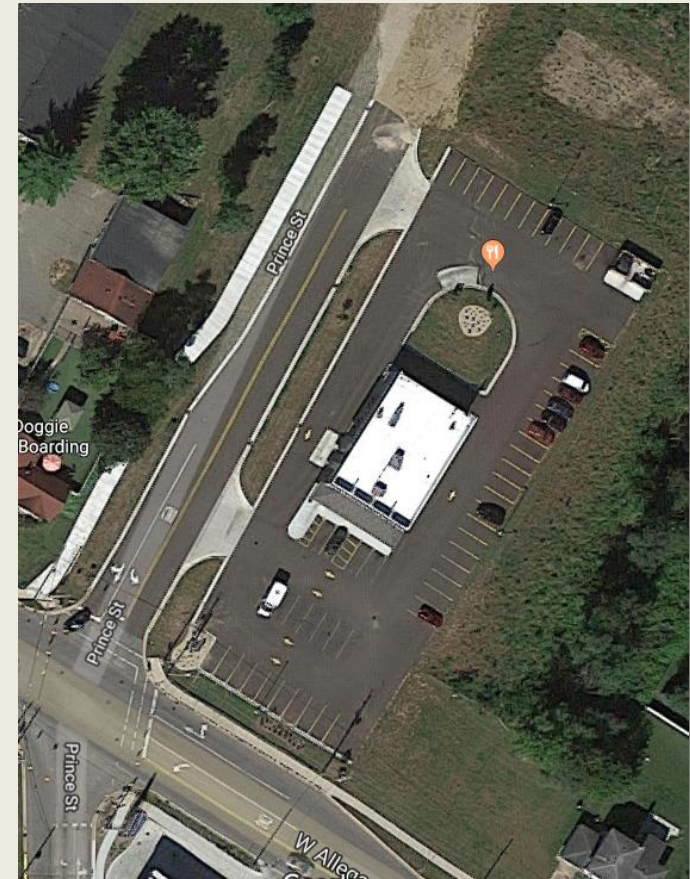


Development Progress

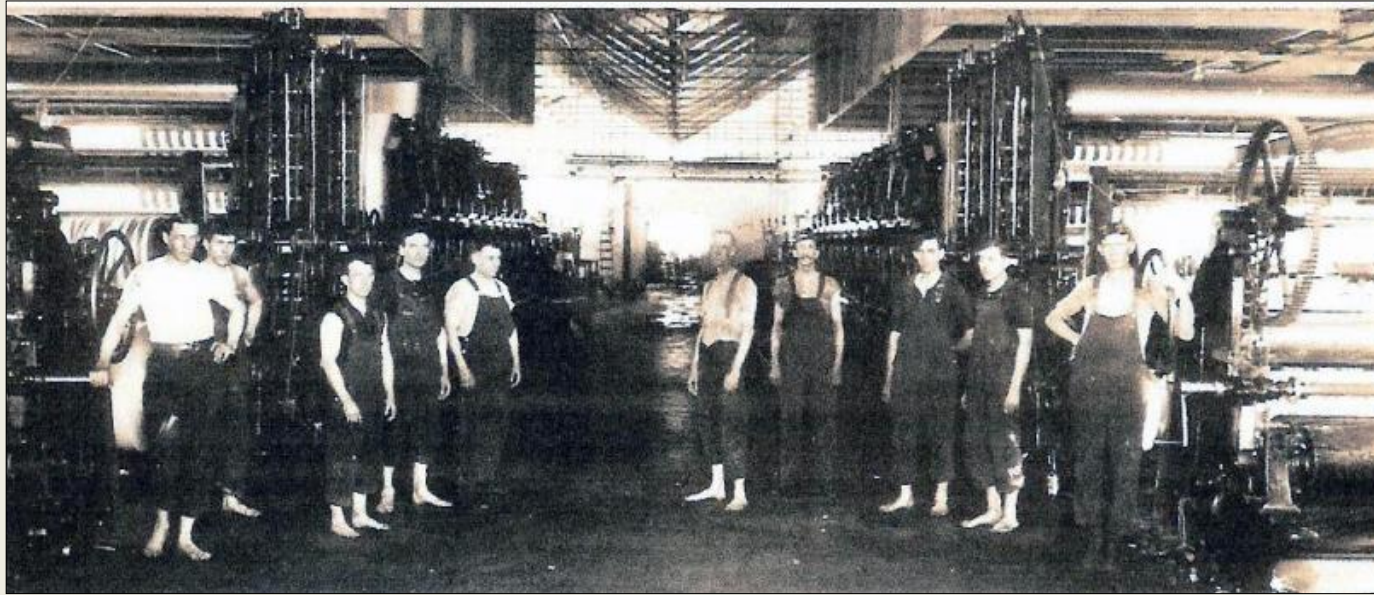
- Franchise headquarters
- 30-40+ jobs
- \$1,000,000 private investment
- Sale of property revenue went back to development
- \$65,000 USDA Grant for road construction
- Improved access to site regulated with traffic light



2017 Prince Street
Extension



Development Progress



Doing more with less:

\$4,322,517 In Outside Funding (2010 - present)

Offset by:

\$196,000 City Match

\$0 Debt Service



Development Progress

2018



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News Releases from Region 05

Indiana, Michigan and Minnesota Sites Included on EPA's Superfund Redevelopment Focus List

01/17/2018

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For Immediate Release No. 18-OPA01

CHICAGO (Jan. 17, 2018) --Today, U.S. Environmental Protection Agency announced that Superfund sites in East Chicago, Ind., Benton Harbor, Mich., Plainwell, Mich., Duluth, Minn., and Hermantown, Minn. are included on the initial list of National Priorities List (NPL) sites with the greatest expected redevelopment and commercial potential.

November 28, 2018

Development Progress

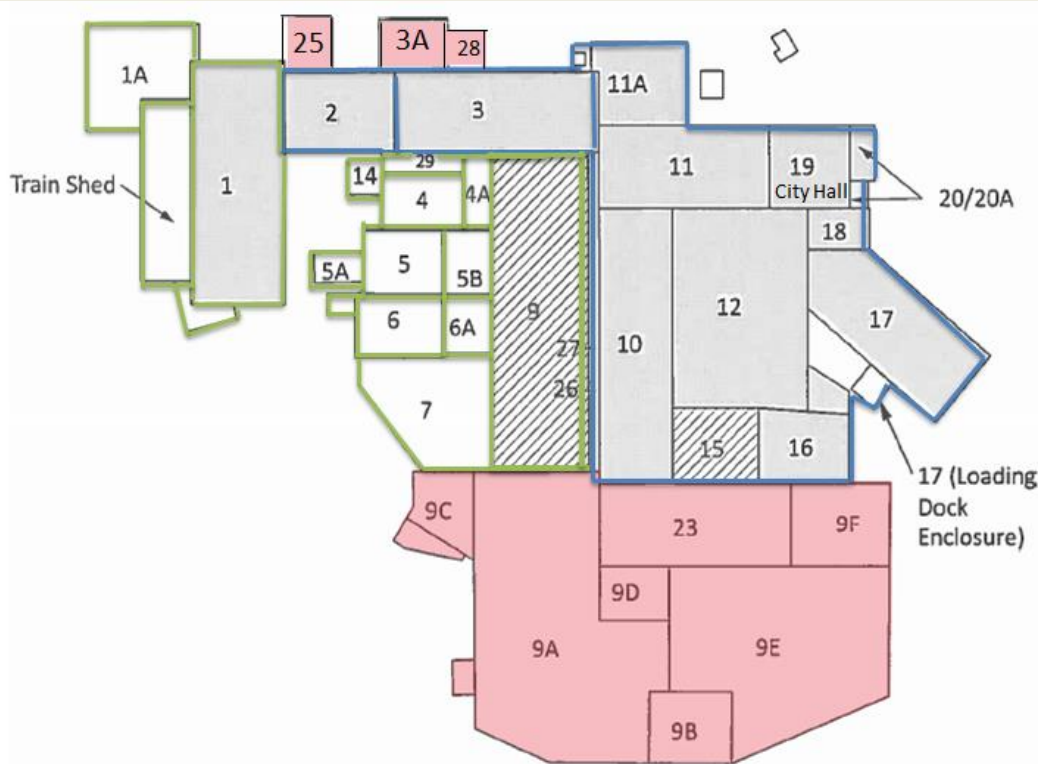
Public Hearing

Plainwell Mill Demolition Grant Application
Community Development Block Grant -CDBG



Current Opportunities

- Demolition Grant Application



- Previously Demolished Buildings
- Buildings To Stay
- Buildings To Be Demolished (CDBG)
- + water tower

- City has applied to the Michigan Economic Development Corporation (MEDC) for a Community Development Block Grant (CDBG) in an amount not to exceed \$5,100,000.
- Grant will demolish buildings outlined in “Green.”
- Buildings are not adaptable for re-use or are a health and safety hazard.
- City Match will be 10% of project cost.
- Project costs will be determined after lowest responsible bidder has been determined.
- Specific information relative to environmental review and/or health and safety plan are available upon request

Current Opportunities

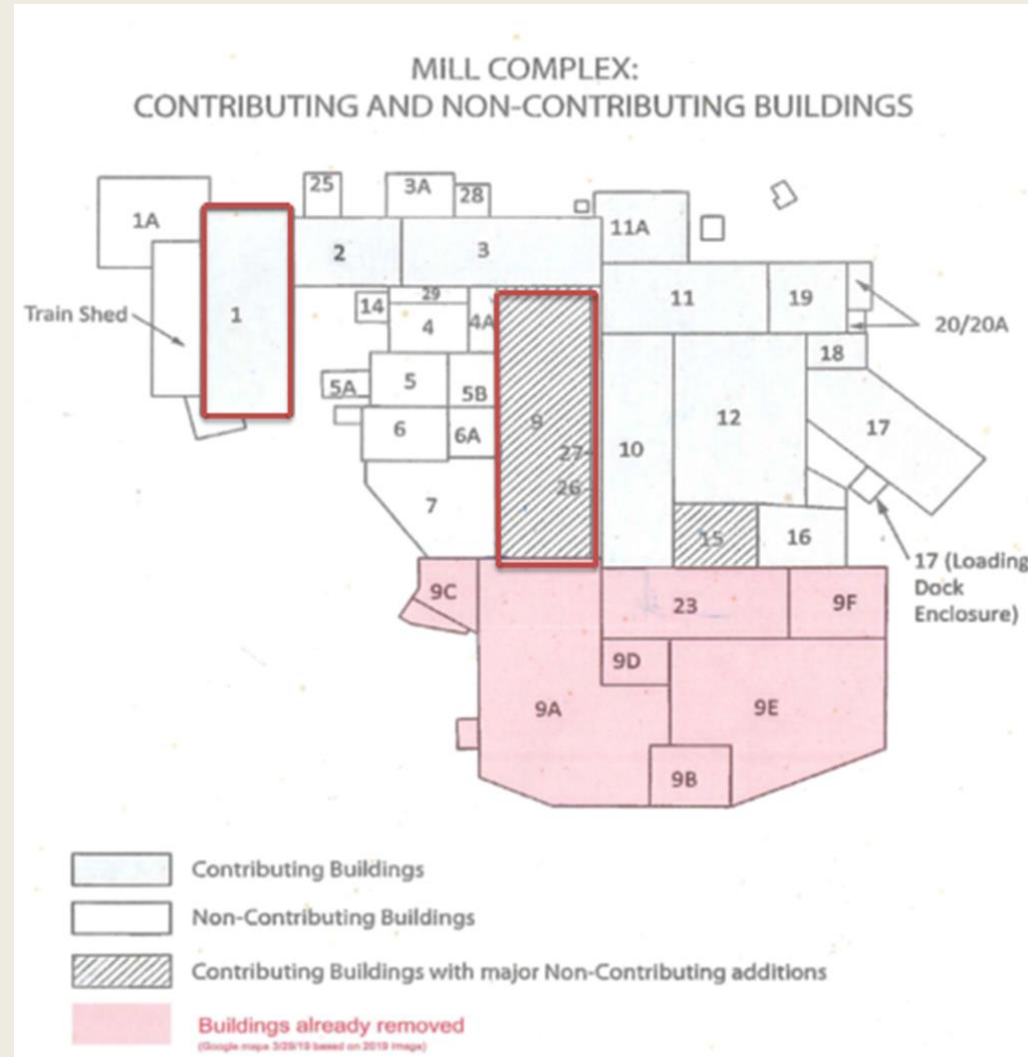
- Demolition Grant Application



Current Opportunities

- Demolition Grant Application

- Mill is listed on the National Register of Historic Places
- However, not all of the buildings are considered “contributing” to the historical integrity of the site. The majority of the buildings selected for demolition are considered “non-contributing.”
- Building 9 is identified as contributing with major non-contributing additions.
- Building 1 is considered “contributing” and the State Historic Preservation Office is reviewing the City’s application to demolish.
- Building 1 has been identified by the City’s Building Inspector and an independent contractor as a hazardous building.



Current Opportunities

- Demolition Grant Application

Building 1



Current Opportunities

- Demolition Grant Application



- Building 6 is the former boiler room which contains asbestos
- For health and safety reasons, the City considers demolishing Building 6 (and adjacent buildings) a top priority.
- The condition and proximity of Building 1 to Building 6 is a safety issue as it relates to demolition of the remaining buildings.

Current Opportunities

- Remediation Progress

A brief summary of the tasks completed to get the project to the remediation stage follows:

- Weyerhaeuser NR Company was identified as the Potential Responsible Party (PRP) for the 12th Street Landfill (OU 4) and the Former Plainwell Mill/Formal Plainwell Inc. Mill Property (OU 7)
- Site investigation was conducted between 2010 and 2012 with the approval of the Remedial Investigation in February of 2013.
- The Feasibility Study was completed and approved in 2015. The remedy for soil cleanup was selected by the U.S. EPA at this time. The Record of Decision was issued in September of 2015.
- The Statement of Work (SOW) for the Remedial Design/Remedial Action (RD/RA) was issued in December of 2015.
- The Remedial Design Work Plan / Scope was approved in the fall of 2016.
- The Pre-Design Investigation to delineate the impacted soil was conducted in 2017 and the work incorporated into the 30% Remedial Design.
- The 100% Remedial Design was approved by the U.S. EPA on April 26, 2018

Current Opportunities

- Remediation Progress

2018 Work Completed

- Removed approximately 40,160 tons of impacted soil and debris from the Site
- Remove approximately 2,070 tons of concrete
- Restored excavated areas with imported granular backfill
- A section in the middle of the Site included topsoil placement and seed

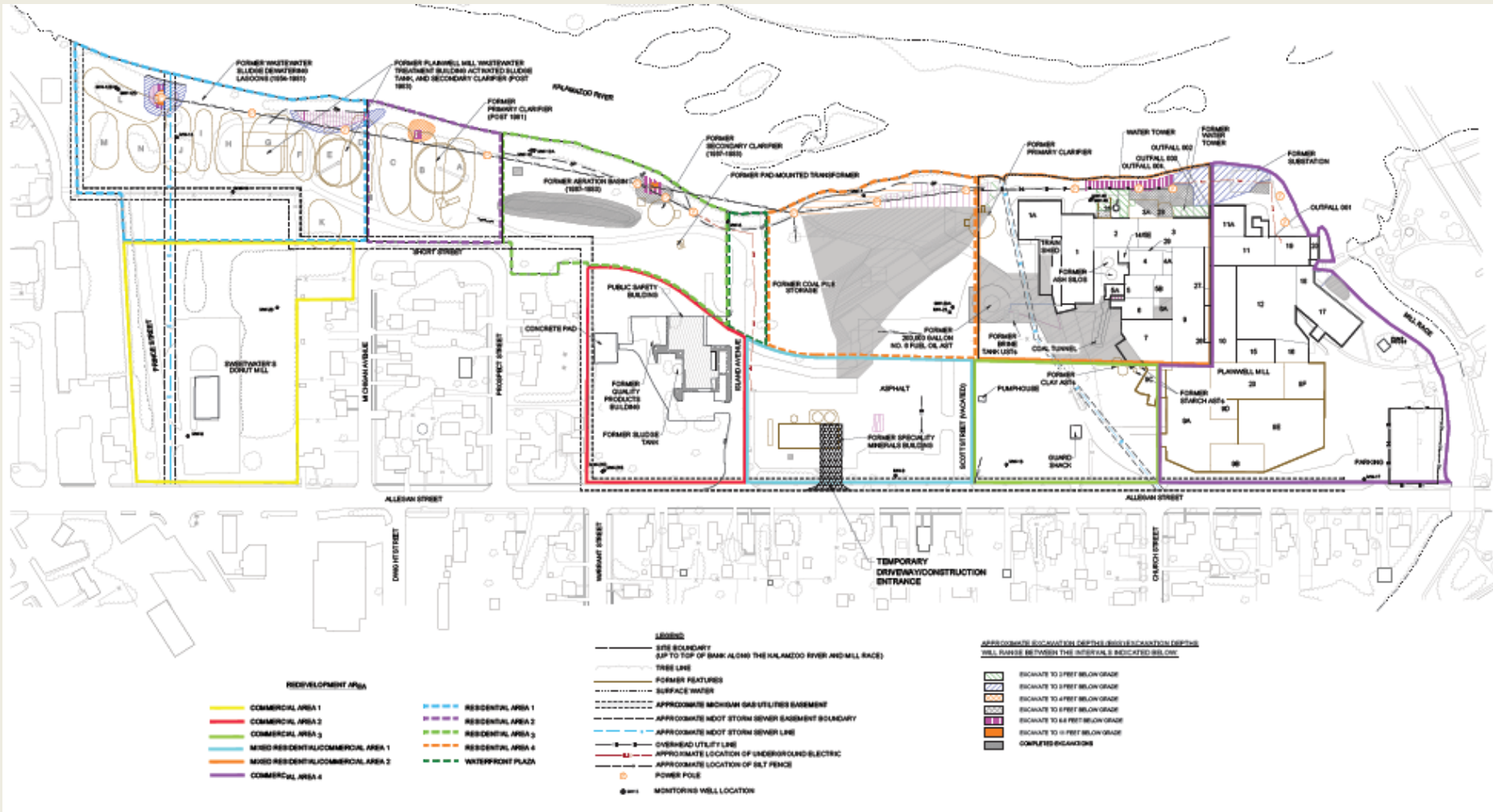
2019 Work Completed

- Removal of approximately 400 tons of impacted soil and debris from the Site
- Removal of approximately 100 tons of concrete

2020 Work To Be Conducted

- Completion of the soil remediation and restoration
- Roughly another 14,800 tons of impacted material to remove

Current Opportunities - Remediation Progress



Current Opportunities

- Remediation Progress



Current Opportunities

- Remediation Progress



*not to scale

Current Opportunities - Consumers Power Poles



- Existing
- Alternative Option – North side of M-89 poles would be co-located
- Existing – MDOT Right-of-Way

*GHD would donate parking lot to City

Current Opportunities

- Consumers Power Poles

- Cost to co-locate poles: \$350,000
- Funding:
 - Weyerhaeuser \$200,000 (coordinated with remediation)
 - Consumers Energy \$150,000
 - GHD to donate parking lot to City
 - City \$0



Current Opportunities

- Consumers Power Poles

Existing View

Alternative Option would co-locate poles in MDOT right-of-way behind tree line on mill property

Goal is net reduction of poles



Current Opportunities

- Consumers Power Poles



Alternative View would be behind tree line

Current Opportunities

- Consumers Power Poles



Current Opportunities

- Consumers Power Poles

Existing View



Current issues

- Consumers Power Poles

Existing View – Fannie Pell Park



Consumers is reviewing if these 2 poles could be combined to 1

Current Opportunities

- Citizen Advisory Committee

