



COUNTY ADMINISTRATOR
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TO: Martha Kern, Chair
Ways & Means Committee

FROM: Robert E. Guenzel
County Administrator

DATE: September 4, 2002

SUBJECT: Economic Development Corporation Project

BOARD ACTION REQUESTED:

The Washtenaw County Economic Development Corporation is requesting that the Washtenaw County Board of Commissioners approve the Frame Harwood project area, establishing project district area and appointing two directors to the Economic Development Corporation for the duration of the project.

BACKGROUND:

There exists in Washtenaw County the need for certain programs to alleviate and prevent conditions of unemployment, to assist and retain local industries and commercial enterprises to strengthen and revitalize the County's economy. In accordance with Act 338 of 1974 the Washtenaw County Board of Commissioners established a Washtenaw County Economic Development Corporation (EDC) in 2001 (resolution 01-0146). The EDC was established to provide a means and method to encourage and assist industrial and commercial enterprises in locating and expanding the County.

The Washtenaw County Board of Commissioners confirmed the appointments of the Chair of the Board for nine members of the Economic Development Corporation in July 2001.

DISCUSSION:

The first step of the EDC was to develop bylaws, marketing strategies and provide education on the role of an EDC. In August 2002, David and Lisa Frame approached the EDC with a potential project for its consideration.

Frame Hardwoods is a company that manufactures pre-finished hardwood flooring and is located in Chelsea. This proposed project is the fourth expansion for this company. Their primary product is prefinished solid plank flooring consisting of 24 unique products in seven specific of North American Hardwood. These products are marketed nationally under two product lines, Chelsea Plank Flooring and Restoration Series Plank.

EDC projects require the participation of the EDC, local unit, and the Washtenaw County Board of Commissioners to establish the project area, project district area and appointment of additional representation from the local unit on the EDC for the duration of the project. On August 28, 2002 the Village of Chelsea approved a resolution consenting to the EDC to issue revenue bonds to proceed with the project under the EDC Act. The requested action is for the Washtenaw County Board of Commissioners to approve the project area, establish the project district area and confirm the appointment of two additional directors to the EDC.

The EDC will develop and adopt a project plan for the project on September 11, 2002. On September 16th the Washtenaw County Board of Commissioners will set a public hearing for October 2, 2002 to receive comment on the Project Plan. After the Public Hearing the Board of Commissioners will approve the project plan. Following the Board of Commissioners action, the Village of Chelsea will adopt the project plan.

IMPACT ON HUMAN RESOURCES:

None.

IMPACT ON BUDGET:

The various fees cover the County Administrative Services. The County has no liability for the revenue bonds that are issued.

IMPACT ON INDIRECT COSTS:

None.

IMPACT ON OTHER COUNTY DEPARTMENTS OR OUTSIDE AGENCIES:

None.

CONFORMITY TO COUNTY POLICIES:

This matter conforms with the project guidelines under Act 338, the policies of the EDC and Washtenaw County policies and procedures.

ATTACHMENTS/APPENDICES:

Letter & Resolution from Village of Chelsea

COUNTY OF WASHTENAW

RE: RESOLUTION APPROVING PROJECT AREA, ESTABLISHING PROJECT DISTRICT AREA AND APPOINTING TWO ADDITIONAL DIRECTORS

At a regular meeting of the Board of Commissioners of the County of Washtenaw, Michigan, held in Ann Arbor, Michigan, on the 4th day of September, 2002, at 6:45 p.m., Eastern Daylight Savings Time, pursuant to notice duly given.

PRESENT: _____

ABSENT: _____

The preambles and resolution set forth below were offered by _____ and seconded by _____.

WHEREAS, the Board of Commissioners of the County of Washtenaw established and created The Economic Development Corporation of the County of Washtenaw (the "EDC") pursuant to the Economic Development Corporations Act, Act 338, Public Acts of Michigan of 1974, as amended (the "Act"). The Frame Hardwoods, a Michigan LLC (the "Company"), has notified the EDC of a project that would assist in the alleviation of conditions of unemployment in the Village of Chelsea, County of Washtenaw, Michigan (the "Village"), and aid in the general economic welfare of the County and the State of Michigan. The Project consists of constructing a building on a parcel of land described in Appendix A hereto.

WHEREAS, the EDC, in accordance with Section 8(1) of the Act, has designated the Project Area for the Project and has requested the Board of Commissioners approval of the designated Project Area. The Project Area is described in Exhibit A attached hereto. The EDC has further requested that the Board of Commissioners designate the appropriate Project District Area.

WHEREAS, as required by Section 4 of the Act the chief executive officer of the County has appointed two additional directors to the EDC who are representatives of the neighborhood residents an business interests likely to be affected by the Project, be authorized to serve and to vote only on issues that directly affect the subject Project, and be authorized to serve only until the earlier of the time the Project is completed in accordance with its Project Plan or the Project is abandoned by the EDC.

WHEREAS, it is required that a Director be appointed to the EDC to replace a Director who has resigned.

WHEREAS, there exists in the Village of Chelsea the need for projects to alleviate and prevent conditions of unemployment, to assist and retain local industrial and commercial enterprises in order to strengthen and revitalize the Village's economy and to encourage the location and expansion of such enterprises to provide needed services and facilities to the Village and its residents; and

WHEREAS, the Economic Development Corporation Act, Act No. 338 of the Michigan Public Acts of 1974, as amended (the "Act") provides a means for the

encouragement of such projects in this Village through the Count's Economic Development Corporation (the "EDC"); and

WHEREAS, the EDC has commenced proceedings under the Act for the benefit of such a project (Frame Hardwoods) and has designated to this County Board of Commissioners a Project Area and Project District Area for its approval;

NOW, THEREFORE, BE IT HEREBY RESOLVED BY THE COUNTY BOARD OF COMMISSIONERS OF THE COUNTY OF WASHTENAW AS FOLLOWS as follows:

1. The Project Area, as described in Exhibit A attached hereto, as designated by the EDC to this Board be and is hereby certified and approved.

2. That, it having been determined that the territory surrounding said designated Project Area will not be significantly affected by the Project because the surrounding territory is devoted to commercial/industrial uses, A Project District Area having the same description as and boundaries identical with the Project Area herein certified as approved are hereby established.

3. That, it having been determined that there are less that eighteen (18) residents, real property owners, or representatives of establishments located within the Project District Area, a Project Citizens District Council shall not be formed pursuant to Section 20(b) of the Act.

4. That the County Clerk be, and is hereby, directed to provide four certified copied of this Resolution to the Secretary of the Board of the EDC.

5. The Chairperson of the Board of Commissioners of the County has appointed the following two (2) additional directors to this EDC, Fred Mills and Sheridan Springer, who are hereby approved by the Board of Commissioners of the County, in accordance with the requirements of Section 4(2) of the Act, all upon the conditions that such two (2) additional directors be representative of neighborhood residents and business interests likely to be affected by the Project, be authorized to serve and to vote only on issues that directly affect the subject Project, and be authorized to serve until the earlier of the time the Project is completed in accordance with its Project Plan or the Project is abandoned by the EDC.

YEAS: _____

NAYS: _____

ABSENT: _____

ABSTENTIONS: _____

RESOLUTION DECLARED ADOPTED.

Washtenaw County Clerk

APPENDIX A

PROJECT DESCRIPTION

The proposed project is phase 3 of the original manufacturing facility plan developed in 1996 by David Frame. This consists of a 30,000 Sq. Ft. Butler steel building with 19' sidewalls. Half of this building is designed for efficient storage of raw materials, (random width kiln dried hardwood lumber). Up to 40 truck loads of raw material, approximately 500,000 Board Feet can be stored in half of this building. This storage capacity is 4 times our existing capacity for raw material. This additional storage capacity will allow for tremendous future growth and will solve many raw material lead time and other timing problems in production scheduling.

The other half of the building will be a clear span section for manufacturing. This section will house an optimized ripping system capable of ripping 15,000 Board Feet per day with higher efficiency in terms of labor requirements and produce higher yields thru computer optimization. This existing manually optimized rip system will be left intact in the original building giving us an additional 12,000 Bd. Ft. per day capacity when this is required.

The optimizing rip system will be built in the U.S. by Mereen Johnson Machine Co. Other support machinery required to complete the system are conveyors for the ripped lumber, scrap conveyors, a wood waste grinder, chop saws, and a dust collector. All this equipment will be US built machinery, indirectly helping the job market and economy in general.

Estimated Project Cost

\$2,000,000