

**CITY OF REED CITY  
JOINT MEETING OF THE CITY COUNCIL  
AND D.D.A.  
January 27, 2015**

Mayor McKinney called the meeting to order at 5:52 P.M. at the Depot, 200 N. Chestnut, Reed City, Michigan.

Present: City Council Members: Mayor, Karen Lea McKinney, Marlene Fatum, Roger Meinert, Dave Scharlow and Carol Tillotson arrived at 6:03 P.M. David Bisbee and Bonnie Danzeisen were absent.

Present: D.D.A. Members: Executive Director, Suzie Williams, Deb Ahlich-Remus, John McDowell, Peter Mekas, Brad Taylor, Jim Repo, Ron Neal and Roger Deno. Michelle Pennington, Barbara Graham, Karen Wright and Bob Roggow were absent.

Also present were City Attorney, David Porteous and City Manager, Ron Howell. There were no citizens in the audience.

Everyone around the tables introduced themselves. The meeting was opened with the pledge to the flag.

**MOVING FORWARD - WHAT IS MOST IMPORTANT?**

Neal First, on my personal agenda is to make a motion, made by me as a DDA member, for the DDA, that we would spend \$2,500.00 first for an attorney to write the grant because the building is contaminated, the grant may pay for the decontamination, the tear down and maybe even pay for the building itself; and secondly, ask for a \$500.00 check so we can do an option to buy the building and the check would go against the purchase price of \$8,000.00.

McKinney Are we entertaining motions at this point?

Meinert I don't know that was the purpose of the meeting.

McKinney We are here to talk about the future of the DDA.

Neal What is the City Council going to allow the DDA to do?

McKinney We're going to allow you to spend your budget.

Neal Is it going to allow us to spend as we want to spend for business development in small increments without approval or is every nickel we spend going to have to be approved by the City Council?

Meinert I say there needs to be a clarification that the City Council has at no time ever looked at nickels and dimes spent by the DDA.

Neal I'm talking about two or three thousand dollars at a time.

Meinert If it's within the DDA's plan...

Neal Business development, a block of money that's a line item that says business development, that we can spend any way we needed to spend for small business development that could be in increments of three, five, six thousand dollar increments without going to the City Council getting permission every time we want to spend three thousand dollars.

Meinert For a year you have your budget, and as long as it is a budgeted item there would be no clarification needed. Along those lines, it would also have to fit within the DDA plan.

- Neal Okay, this year's Business Development is \$34,537.50. That \$8,000.00 block building would fall under that \$34,537.50. Now do we need to have the Council approval for that \$8,000.00 or can we take it out of that fund as a line item?
- Scharlow Have you guys already voted to do it?
- Williams No, no, no. We're just discussing it.
- Howell I was advised by the City Treasurer you have a special fund, a business development fund 494, and I know there is about \$34,000 balance in that fund and I am confident, for the record, that my review of the plan for acquisition of the private property, turning it into public lands, the white block building, in my opinion fits right into the plan. So if its in the plan and theres balances with the funds to be used, I guess the only thing I would say is that the DDA took action to request the Council to approve it, because the white block building purchase or that real estate deal it was requested for the City to approve it, and then I now find - or whats out there, is the potential for this to maybe get a 90% grant. As far as I know, you're going for it.
- Neal Yes, we are.
- Howell So, to me the approval of the project, I think your expenditure to get the option, I think your expenditure to hire someone to pursue the grant, is all within your existing budget.
- Neal Thats kinda my understanding what happened with the fire equipment and I'm really sorry about that. It was a bad decision, lets forget about that. Moving forward we want to respect our line items but we want you to respect the fact that we have, and you approved business development that we could use that money without running to the City Council. Now we might want to run to the City Council and get your approval because it may be big enough where we think important.
- Howell If you have \$35,000 within this particular fund and \$10,000 is used for acquisition, paperwork, and everything else, but then you find out when the report comes back this could potentially be a \$50,000 cleanup, then I would think at this point you're gonna say now wait a minutes, you will want to talk about this internally. To me that would be one of those budget amendments that is now triggered that you really need to amend your budget is my opinion. Good communication is going on now, everybody knows what you are trying to get accomplished. You're going to present a budget amendment to the council because you want to move ahead - you know the dollar amount and it's going to exceed that particular item. That to me would be the steps.
- Neal I agree with that. I agree that you should be happy and we should be happy if we want approval. It might only be \$5,000 but it might be questionable about that type of development, so it would be nice sometimes that we would, like Bob Roggow said at the last meeting, he said lets hold off for a month on some of this stuff. He used a figure of \$5,000. If everybody is not real sure about something, we should be using the City Council, because you do protect the tax payers money.
- Howell I want to thank the Treasurer, hopefully everyone has a copy of the spreadsheet about the past 2 years, and what she thinks might happen in the next 2 years, and with that there is this nice track to projects you want to do - Business Development. And as you see \$34,537. and that is the fund we've been talking about. I thought this was a great start. If theres projects and other things you would like to do; I took it from the point of view that I have the obligation to advise Council that I think the following City projects fall within the plan, fall within the district and maybe we should ask the DDA if they would consider helping the City, so to me there should be that exchange too. All shooting for the City Council by Charter that they must pass this budget resolution to get everything going for July to next June. May 6, 7 or 8 that they have to do by Charter.

- Neal                    So you would like us to do our Budget in April.
- Howell                Yes, because part of that process is that I have to take the Capital Improvement Plans and this is all the departments, and I am required to present those to the Planning Commission. They meet the first Monday of the month. So, I take all of this, and I would consider this a capital project and take it to the Planning for review; the Council is going to be looking to me to have presented; the Planning Commission signs off and that part of the overall Budget is now attached to it, and it is totally presented by me. I am responsible to submit April 20th to the Council.
- Ahlich-Remus        So, you really prefer to have our Budget submitted to you by March.
- Howell                It would be nice.
- Ahlich-Remus        If we can do an approximate Budget to present to the Council in March and then whatever changes we had to do; April finalized.
- Repo                  I'm thinking we're here to get that common ground of where the places that we can do better and the feed back can go both ways, collectively. I think about the math, I don't want to walk away from money as an aggregate City. Some of it would go back to the County and I don't want to lose that money so is there enough common ground to keep that money in the City or is there too many differences created over the years that is going to dissolve it. That's what I think I'm here for. To see if we've got common ground or if there is enough differences that this is going to happen anyway so don't fight it. I don't know the answer to that, but I can just feel the tones from what has gone on. That's not an accusation, it's just where we're headed. Maybe with this situation with the City Budget we don't have money for the DDA, we just need whatever we can take back for the City and use it for the City and move on. If that's where we are going; that's okay, I'm just looking for some open dialog.
- McKinney            How does DDA get renewed?
- Porteous             City Council decides it. That really is what Jim Repo summarized. Other communities, not just Reed City, are wrestling with the idea of the additional money that DDA captures. Can we sorta balance that enhancement to the City versus the loss to the City general fund of the dollars that the DDA captures. You have to collectively sort out, is there a way to have a vision of the DDA; is there a way to work together or do you just say we'll walk away from the money and just go on. The City Council are the ones to decide whether or not to extend the DDA.
- Howell                The size of the district and the size of the capture is quite significant and does capture a significant portion of the City dollars. So, if the district was reworked - resized, then here is a consideration for maybe moving forward. But it is my understanding if the City adjust the district, say makes it smaller, that Osceola County...
- Porteous             Potentially, they can opt out. Keep in mind, even with all the careful planning, things don't go exactly as you plan. We could look back now and say the DDA captured a lot of money, which was largely to Yoplait additions, that is true, but shortly after the DDA was created the tax base dropped and it was a number of years before the DDA was even able to begin to capture.
- Fatum                 The bottom line is the City needs help. If we cut the district down the County can pull out and it will pull all County money out so you're going to lose a big portion. The City needs help. We can't run the City on what we've got. The needs are going to get greater.

- Porteous There has been a change in the law - basically if you continued on, none of the taxing entities can opt out but if you change the district, taxing entities maybe even the County, can utilize that as an opportunity to opt out.
- Fatum What has been pulled out since roughly 1986, is City Operating, it pulls the Library, pulls the County, COA funds, Road Patrol funds and EMS funds. That was all done by the voters. We're talking big bucks over the years.
- Mekas It's not Library funds - it's judicial fines that are assessed . That in the past were going to support Library projects.
- Porteous What she's talking about is there is a Library millage. And part of the Library millage is captured by DDA.
- Ahlich-Remus Back when the Library millage was voted in, DDA got a legal opinion to see if they could opt out of it and they could not opt out. It was apples to apples; if you opt out of one you have to opt out of them all. It was a concern of the DDA that they were capturing that back when it began and it still is.
- Neal No one denied the Library money. DDA just didn't have the money.
- Porteous Barb has been beneficial to both groups. Barb can pull together what has been captured - heres the impacts for you to move forward. How much money does the DDA capture that the City would never get if there was no DDA. A decision is going to have to be made collectively; is the initial money the DDA gets and City would never get, either worth giving that up or not for what income the City general fund loses. Can you have a relationship between the two organizations that you can sort out how you can fund because the DDA has funded part of the overhead of the City.
- Scharlow At the same time, maybe we could have the information if the County can opt out or not. I think the feel of the Council is if we got some of that tax base back in the City, I think it can still be saved... this is the first step being face to face in a meeting. As a whole, anytime the council has asked the DDA for something, I'd say at least 90% of the time we got it.
- Mekas We want to work together but we want to know if the City Council is behind the DDA. The DDA should work very closely with the City Council.
- Howell If we look at the 2014-2015 Column, the Budget we're in now, if we finish up the year on June 30th, Barb is estimating that there is \$219,000 that will be sitting as a balance. It looks like, as I read it, each year this exercise is suppose to be done. If we don't have that money committed to future projects, earmarked, whatever, that money is suppose to be returned to the governmental units in a sense that it was captured from. So if we can reach agreement on projects of what we want to earmark this for and line them up then to me it's spending the \$219,000 or having it earmarked and if we don't then t will be returned as a refund to the governmental unit. Here's your money, assign your project, reach agreement, get approval on your Budget process, complete your projects or carry them forward and if there is anything left over, you give it back and you start over again. This is a pretty good example of how the next couple of years is all set up.
- Deno Roger got involved with the DDA because of the negative comments in the newspaper. He is a taxpayer, works here and cares about Reed City. He is concerned about spending \$8,000 on an old run down house and ask if it is going to help the community or is it throwing money away.
- Howell The building fits in the plan.

- Williams Flies & VandenBrink has been contacted. Brian Rice confirmed the house was a Dry Cleaner at one time. There are grants available to purchase, tear down and cleanup the property. Brian Rice is willing to come to Reed City and talk with the group if they would like.
- Porteous This is the only way to be financially able to develop this property.
- Howell Reaffirmed it would be beneficial project and it would be a good fit.
- Repo Would like another joint meeting and have Barb in attendance. He doesn't understand the budgets and would like some explanation - to get the perspective from Barb.
- Porteous Recommends Barb come to the next meeting and can explain the budgets and answer questions.
- Neal Wants to know just what the County contributes to DDA.
- Scharlow left the room at 6:58 P.M. during general discussion on communication and working together between the City and DDA and returned to the room at 7:00 P.M.
- Porteous Suggested the groups make a concerted effort in the next 6 months until we know the DDA is going to be renewed theres a host of projects that can't be addressed because we don't know if the funding will be there. The sooner we decide one way or another if it is not going to be extended, the DDA can do the planning for an appropriate wind down, and if it is going to be extended you can think about some of the other long term projects. The other thing that would be helpful for Barb to do is some calculations. We have a large tax appeal going right now and one thing to be considered, if that tax appeal didn't go well, money has to be refunded. So you wouldn't want to earmark all of your money because it's an ongoing issue and it should be decided in the next year or so.
- Porteous Council cannot give approval on Ron Neal's motion because it is not an item on the Agenda.

**NEXT MEETING**

A future meeting was agreed for Tuesday, February 24, 2015 at 6:00 P.M. at the Depot.

Adjourn Motion by McKinney, seconded by Scharlow, **CARRIED**, to adjourn at 7:12 P.M.

Jacalyn R. Beam  
City Clerk