

Public Hearing
Tuesday, January 8, 2013
412 Main Street – City Hall
Frankfort, Michigan 49635 (231) 352-7117

Meeting was called by order by Mayor Johnson at 6:00 p.m.

Roll Call - Present: Haan, Holwerda, Jackson, Johnson Absent: Condon
Also present: Josh Mills, Kim Kidder and Peter Doren, zoning attorney. Public Attendance = +38

Mayor Johnson announced that this Public Hearing was to discuss and answer any questions related to a proposed Downtown Development Authority for the City of Frankfort. Mayor Johnson turned the meeting over to City Superintendent Josh Mills.

Mills was glad to see the turn out for the meeting and introduced the City's Zoning Attorney Peter Doren. Mills stated that business owners and property owners were invited to attend to ask questions regarding the proposed DDA for the City of Frankfort. They received a map and questions concerning the development of a community's downtown district. They also received a DDA Resolution of Intent and a copy of a draft DDA ordinance. This meeting is being held to answer any questions and concerns in accordance to the guidelines of establishing a DDA and was posted and published as required.

Mills passed out a question sheet that was prepared by local business owners and the answers to those questions that were answered by Josh Mills with approval from Peter Doren the City's Zoning Attorney.(see attached).

Mills went on to say that some of the goals and objectives associated with the Downtown Development Authority can be accomplished through revenue generated through the creation of a Tax Increment Financing (TIF) district throughout the corridor. As property becomes developed or enhanced, the DDA can capture the difference in taxable value through the TIF plan. Those funds can be used for purposes to enhance the DDA corridor. Everyone that is a property owner in this district will not see their property values increase unless improvements are made increasing the taxable value. The DDA would capture those dollars resulting from increased taxable value through enhancements toward public improvement projects within the DDA corridor. Now initially the funding captured from the DDA will be quite minimal. There have already been some missed opportunities with Dennis Heniser's new building and the Storm Cloud Brewery which would have increased a nice pool of funding which would have been captured between the differences in taxable value. Now under State legislation we can levy up to two mils, by no means is it ever the intent of this city council to ever get into that situation. Mills asked Pete Doren to touch more on what we can do to protect the community from the aspect of having two mils.

Pete Doren – The City can restrict that right which is in the statute that allows Downtown Development Authorities to levy up to two mils annually for their expenses. Doren believes it was designed for the operating expenses of the DDA, but if you don't have operating expenses then there is no reason to levy those mils. Doren has heard of few DDAs in the State that actually levy the 2 mils. They operate and have their operating expenses paid for by the capture. The State law says it can't be levied by the DDA, it can only be levied by the City Council at the request of the DDA. However the Council restricts the ability of the DDA to levy the two mils in the ordinance. Future City Councils are not bound in so far as changing the ordinance.

Doren explained how tax increment financing works. Once a DDA is created, they have a separate ordinance that adopts a TIF plan (tax increment financing) that has been drafted by the DDA it will then go to planning commission, they review it and forward it to the City Council. If the City Council likes it, then they enact an ordinance that adopts the TIF plan. The TIF determines what is going to happen. What are the public facilities that are going to be used if the TIF money is captured? It could go toward sidewalks or streets or parking or whatever. It will be the job of the DDA to come up with the ideas and put it into a plan and then you know how much money you need to capture and the way that you capture it after the TIF plan is in place. If a TIF plan is adopted in 2013 that is the year in which the taxes are frozen. The school mills can't be captured, but Benzie Bus and the other taxing jurisdictions get that same amount they would have gotten in 2013, probably reduced by the Headlee rollback, but that would happen anyway. So they are going to get the same amount of money but if there is any new construction any increased property values that value is captured. That new value is captured after the TIF plan is created. It's not the schools, or TBSISD but the county's other taxing jurisdictions. That money is taken by the City Treasurer when it comes in and it's put into the DDA fund. The DDA fund can then do what they said they were going to do in the plan for the public facilities. This is a development tool to have a DDA and to have a TIF plan.

Doren gave an example. You want a retail store or a development to come to downtown Frankfort so you go out and entice it and to get that guy to come in and do that development well maybe you got to move some utility lines, maybe you have to provide some parking, maybe you've got to do some public facilities, maybe it's even a park that the developer wants to have constructed and that's what you use the captured money for is those public facilities defined in the act.

The DDA can also use the money that is captured for marketing. This has been quite successful in a number of jurisdictions where they are able to market and attract new business to come into the community with that capture. All the other taxing jurisdictions keep getting what they were getting. The theory is that but for the DDA and the TIF plan that guy wouldn't come in and build a new building and but for the use of that captured money for the public facilities that the retailer wouldn't come in and build his new store, that's the legislative theory behind allowing this as a development tool.

JoAnn Holwerda - When you said a new construction does the DDA capture that whole amount?

A: The value is one function of property taxes, the millage is the other. The value is captured for purposes of the county millage and the other local millages excluding the schools and that is all of the new value of the new construction. If a piece of property is worth \$100,000 and that building is torn down and a \$200,000 building is put in then you can only capture \$100,000 you wouldn't capture the new \$200,000 because there was an initial \$100,000 value on that property at the time that the TIF plan was adopted.

Holwerda - But what if it was a totally new construction on an unimproved parcel?

A: Then the unimproved parcel, if it is on the tax roll, has a value that would be frozen but the new value after the building is built by the developer less the old value would then be captured. Doren used Building 50 on the State Hospital grounds as an example it was a Brownfield Property but the dollars are captured the same way. There were zero dollars there to begin with since it was state land so the money that was captured was used to help the developer on asbestos removal. It helped with the environmental problems and street improvements.

Holwerda used the example that if there was a \$50,000 structure that was improved to \$200,000 then \$150,000 of the taxable value would be captured. Doren agreed that was correct.

Mills stated that we can establish the amount of time that the DDA funds can be captured for it can be 10, 15 or 20 years. Doren agreed that it is part of the TIF plan, also called the development plan, that would say how long it is expected to last. The River's Edge in Traverse City was a former iron works and that is expected to expire soon. That was the first TIF that Traverse City did and the City Council is not expected to extend it.

Mills: Some of the goals associated from the City of Frankfort's standpoint on the projects we would like to implement would be to free up some of the general fund dollars so the enterprise fund dollars that the city currently invests in our downtown corridor and these other areas and allow the DDA to step in line with those funds generated through the TIF. At no time during our discussions through this, whether through the planning commission through the master plan process or with city council, did we want to promote or get into a situation where we would levy taxes. Our goal is that you, the business owner, is going to pay the same rate no matter what. If you invest money in your property your taxes are going to go up and in this situation if we create a DDA those taxes would be captured and utilized for projects within the corridor.

Doren: By law the DDA board, and that can be the mayor (automatically) and 8 to 12 other members, by law at least ½ of those members have to own property in the DDA district. So at least the majority of the board that is controlling the DDA are DDA taxpayers. They don't have to be residents.

Holwerda: From the previous literature we received is it in the ordinance or is it in the TIF plan that this council could restrict what those captured dollars are used for? It has to be used on improvements to the City?

Doren agreed stating that the ordinance is very silent in so far as to how the money is going to be spent, but the TIF plan that allows the capture says how the money can be spent. If it doesn't say it in the TIF plan and you want to do something that is not in the TIF plan then you have to go through and amend the whole TIF plan. This is a process just like this meeting with notices posted in twenty conspicuous places and everybody notified, etc. and public hearings.

Holwerda: Are the guidelines of what can be put in there, like if we wanted to improve our restrooms or sidewalks etc.?

Doren: The restriction is that you can only use it for a public facility or in some cases marketing. A public facility means a street, plaza, pedestrian mall and any improvements to a street plaza or

pedestrian mall including street furniture, beautification, park, parking facility, recreational facility, right-of-way, structure, waterway, bridge (Traverse City uses it to repair bridges), lake, pond, canal, utility line or pipe, building and access routes to any of the foregoing designed and dedicated to use by the public generally.

Public facility also includes the acquisition, construction, improvement and operation of a building owned or leased by the authority to be used as a retail business incubator. There are some other things like marketing and authorization for loans. Doren has never seen that done. Mills asked if that was for façade improvements. Doren answered yes, he has heard talk about that but he has never seen it done.

Johnson asked if you could add things to that list. Doren replied that you can't add things to public facility, but there are other things elsewhere in the law that will allow the expenditure of the money, but the TIF plan limits it. In other words it might just say sewer improvements period or sewer improvements and parking then if you wanted to do a park and it wasn't in the TIF plan you would have to go back and amend it. It has to be public it can't be private except for the loans.

Mills stated he has heard of situations too where the community can procure dollars let's say from HUD (Housing and Urban Development) to initiate a revolving loan fund that can go toward façade improvement programs. For example if Luedtke Engineering wanted to redo their façade, if we had those funds available or created some of the DDA funds, then you would go to Mr. Luedtke and say well we will give you a five thousand dollar grant. Those are some options, opportunities that could be available to us.

Mills: Some of the goals and objectives we want to accomplish through the DDA, in getting more project specific, our goal is to create an environment that is enticing for economic and social prosperity. Mills feels we are doing a phenomenal job as a community already. A DDA is an economic development tool that can only enable us to further enhance those opportunities. There was a five year millage for Main Street that everyone in this room that owned property at that time paid a millage on. That was thirteen years ago and at some point and time we are going to have to resurface it or micro-surface it. We annually spend close to nine thousand dollars a year just striping downtown. We have some curbing issues that are going to need addressing, sidewalk issues that have to be address, complying with our complete streets projects those funds are going to have to be available to become compliant with those eventually State mandated requirements. We have a thirteen acre plus or minus developable piece of property on the waterfront that some of those funds could be utilized to extend a water main or sewer main or loop the water main up Tenth Street, converting the streetlights to LED or enhancing the street lights. There is a life cycle to all the infrastructure the City has and in this corridor these dollars generated through the tax increment financing component can be utilized towards enhancing this corridor. The multi-marketing plan, wayfinding signage, getting people off M-22 and on Main Street avoiding the blinking light those are all goals and objectives we want to accomplish.

Johnson asked if anyone needed a copy of the questions and answers that were passed out and wanted to open it up to questions from the public.

Kim Fairchild – 406 Corning Ave.: As a lot of people realize, we are having problems with our bathroom facilities. Is there anything in there that pertains strictly to bathroom facilities? If not it says structures. Can bathroom facility fall under the heading of structures?

Mills replied: Absolutely. If it is within the corridor, within our TIF plan, those restrooms can be included in that. We could even expand that corridor to include the lighthouse.

Dale Evans – Bayview Grille - 727 Main Street – I was a little bit confused about the public buildings. It can be used for other things than public structures?

Mills: Correct it can be used for water, sewer, Wi-Fi, sidewalks, streets.

Evans: Well I mean if John Hoppendasher comes in and wants to develop something at the east end of the City, are there DDA low interest loans that can help develop it? The DDA can purchase property and take property through eminent domain is that not correct?

Mills: Eminent domain is different. It cannot be done through economic development purposes. If we procure property through eminent domain, it has to be for recreational purposes.

Doren: It has to be for public purposes. You can't take property and then give it to a private entity.

Evans: But what if you took the property and it became the City's property and then sell it to the other entity?

Jon Douglas Holmes - Box 905, Frankfort MI: Actually Act 197 of 1975 Section 125.1651 specifically addresses that. When the Downtown Development Authority deems it appropriate it can condemn your property.

Doren: The City council can condemn it but I don't think the DDA can condemn it.

Doren: What section, sir?

Holmes: Section 125.1660

Doren: Mr. Holmes that section says a municipality may take private property etc, etc for purpose of transfer to the authority. They may transfer the property to the authority for use in an approved development on terms and conditions it deems appropriate. So the DDA is not the municipality. Frankfort is the municipality controlled by the City Council. The City of Detroit, City of Frankfort, City of Traverse City cannot condemn property for economic development purposes and transfer it to a private entity. That is no longer permissible in the State of Michigan. So it's got to be used for something public. Now it could be we have had cases where it was almost a situation where it was going to be a public restroom inside a private building but it was for public use in a very busy area but that never got off the ground actually because the development didn't go through.

Evans: What I was leading to is there are a lot of different things that the DDA has the authority to do under this and it is a revenue generator so along the process it was created essentially in the beginning, I believe, to try to help cities and municipalities where there were blighted areas to improve those blighted areas. Now I am at the east end of the city, you know we are the ugly stepchild down there that doesn't get everything you guys got down here, so I am wondering is that going to be a primary location where the city is going to want to spend some of this revenue that is being generated at that end of town as it. Will there be a plan or process in place to do something down there?

Johnson: It's not the City that is doing it, it is the DDA.

Mills: Without a doubt the future development opportunity in this DDA corridor exists primarily in the east end. We are going to have infield development on this west side and obviously you are correct we are going to have to continue with our maintenance of our infrastructure. I can't speak officially without going through that TIF process in creating that but without a doubt the east end is going to get a lot of attention, more specifically a large vacant piece of property and these other areas along this corridor. Specifically both sides, we got the open space park and the launch ramp area, that whole southern side of Main Street it has all kind of opportunity that will enhance this community tenfold. It is going to take us time to generate revenue if we go through and approve a DDA it will take time. The ultimate goal down the road is to alleviate the general fund and shift those dollars that the general fund would normally concentrate on and create another opportunity to enhance this corridor.

Harry Bannister (Tim) 215 Main St. - I have the Serendipity House down the street across from the American Legion. Following up on Dale's comment, I am a big fan of seeing the east side developed even though I am only a block off the lake. What I know about DDA's is they were always about blighted areas and of course coming and living and running an operation here I look around and say what do we need a DDA for cause the town is really jumping however I am interested in what is the mechanism for how the DDA is made up of representatives from all along the corridor, or do we run for office or how?

Mills: You would be appointed by the mayor and the City Council has to approve the appointments. 50% of other members whether it is 8 to 12 members. We would have to pick a number normally odd is preferred, but 51% of those board members have to own property in the corridor, so the goal would be, I mean it's going to require involvement from the business community. You are going to be setting the standard as to how this town is going to develop and how we are going to utilize the funds that we capture. So it's going to be an opportunity to have enterprise drive us. Harbor Springs vacated their DDA about ten years ago for numerous reasons. One of them was associated with not getting enough people to work on the board. It is going to require public involvement, business involvement.

Christine Hildabrand Murphy - P. O. Box 167, Frankfort - 2 questions. The first one being in capturing the money. Once this is implemented, has anybody crunched the numbers to see how long it will take to collect the money? Does it come out of summer taxes, winter taxes? Have you figured out how long till we would be viable to have any kind of money to use toward DDA stuff? Then my second question is what you were talking about. Many of the business owners here don't get to vote in Frankfort and I love many members of my city council but because we can't vote for the City Council and the City Council appoints who would be on this board so it's

kind of like business owners who don't live in town don't get to vote so what I am wondering are there other DDA's set up? Is that consistent with other DDA's in the State of Michigan and how they elect their board?

Doren: Yes it is set by the statute but my experience is that a great many times you got to have at least a majority usually you want more than the majority to be business owners and most of the business owners don't live in the City. So you wind up with members that live outside the City because you want business owners because they know what is needed.

Kidder: Would you maybe put applications in the paper for people that want to run on the board?

Mills: Definitely and just to reiterate you could be a property owner and not necessarily a resident to be on the DDA to be a board member.

Johnson: What does it say 51% have to be property owners?

Mills: Yes 51%

Johnson: I can guarantee you that I am not going to put anyone on that does not have a business down here. There is going to be 80/90% of people that have businesses down here.

Doren: It can be personal property it doesn't have to be real property.

Steve Christian: Dinghy's 415 Main Street - Two points of clarification. One - Owners not lessees if I own a franchise.

Doren: A lessee usually owns the personal property though so they are an owner.

Mills: How is that going to change? (personal property)

Doren: It is not going to go away before you appoint the first board anyway because it will phase out.

Mills: It could be a business owner which could be a tenant.

Doren: This is not really clearly defined in the law and each jurisdiction kind of defines it differently so I think up off the top of my head yes. That franchise is a property.

Steve Christian: The other point of clarification you have heard several times is what I consider to be operating expenses. Striping, paving, stuff like that. Proceeds from the TIF aren't covering those expenses just capital expenditures, right? We're not covering operating expenses of the municipality?

Doren: What the TIF plan says that's what it can pay for. If the TIF plan says annual paving or snowplowing or this then you can spend the money on that but if it doesn't say it in the TIF plan then you can't do it.

Steve Christian: And that TIF plan is developed by the board of the DDA?

Doren: It is an ordinance that is then enacted and ultimately decided because the City Council can change what the DDA recommends, but it's the ultimate decision of the City Council.

Mills: And real quick too the City is going to continue to write grants and continue to procure dollars and continue to take care of it's infrastructure, it's going to be actually a situation where it is going to be a partnership between the DDA and the City of Frankfort. Those things are all going to still continue whether or not something is specifically designated in the TIF plan or not. It is only a situation that can enhance what this community is built on.

Bob McNabb- 604 Michigan Ave.- This is the third time in my memory in the 26 odd 27 years I've done business on Main Street that the DDA has been discussed pretty openly and pretty up front, I don't see very many veterans of those discussions in here, also not really impressed with the number of actual property owners who are here, personal property or otherwise. If I was going to try to schedule a meeting with not a lot of local Main Street property owners were going to attend, I would schedule it on January 8th on a Tuesday night at 6 o'clock. There are a lot of people not here who probably should be. My experience in the past is pretty extensive, was that the TIF was a nice discussion that could probably be fairly easily agreed on, where the whole concept starts falling apart is what, through the City Council, the DDA can actually do in the way of telling property owners what they can and cannot do with their property; something that has always come pretty close to my way of looking at things in my arguments over time. My urge here is that those who are directly concerned with this DDA is that they study what DDA's can do, historically have done. I started out my journalism career in Traverse a very long time ago when the DDA in Traverse City was born. There are a lot of dead bodies related to that DDA. People who objected so strongly they just closed the business down and got out. There are things that the DDA can do that run contrary to the way most people think about their own property.

Mills: As far as the meeting timing, it is difficult for the City to pinpoint when the best time to have these discussions is. You know the business community is busy during the summer months. The City conducts business 365 days a year, of course Monday through Friday, 52 weeks a year. There is no intention whatsoever to exclude anybody from this discussion. We have a job to do and we have goals and objectives we want to accomplish. Right now on the table is DDA.

Holwerda: And I think the Planning Commission has been working on this for quite some time and it is all part of our new Master Plan. So we are moving forward with it and I have been in the City for 33 years and I have been on council for almost eleven years and I don't remember it ever coming before us.

McNabb: Big time 93-94.

Steve Campbell – 15 Second Street – Harbor Lights Resort – As many of you know I am very supportive of the City and wanting the City to be prosperous. Just a question I have as I am learning more about this and absorbing, if you project out what our growth is going to look like in the City over the next 10, 15, 20 years, is the majority of it going to happen in this DDA corridor? Where I am going with that is by forming this and capturing those funds and only

allowing those to be used within this zone, is that creating any kind of a burden to the City in terms of handicapping their ability to collect extra revenues to fund other projects within the City limits?

Mills: Initially there has been a timeline associated with the capture of these dollars, there is still a lot of residential growth opportunity within the City primarily in the northern tier. As far as commercial growth it's going to occur in this corridor. The industrial entrepreneurial district is outside of this corridor. If that's a crystal ball type question, I think the Headlee Rollback, financially the City has been doing well considering the resources it has available to it and it hasn't been easy. There's streets that need attention, sidewalks that need attention, we have been fortunate to procure supplemental funding with grants we are going to invest about \$200,000 in sidewalks and safety enhancements with the corridor around the elementary school with a grant that we have received. That is a tough question to answer. I think moving forward from a growth standpoint our population has done this but I think primarily a shift in home ownership, I think our growth has increased, our population has decreased, we don't have less homes than we did twenty years ago, but we have a shift in home ownership that are non-homestead so the people that are taxing our infrastructure, and our revenue from the State of Michigan is solely based on population. We have had burdens and obstacles to endure over the last twenty years that have resulted in our economic shift but growth is occurring. Our storefronts are occupied, we have good problems but I can't honestly say is the general fund going to be negatively impacted in the future, I don't think so but I don't want to be ten years from now hearing "You said we were never...." I don't want to tie ourselves to that.

Elaine Rush – 105 Second Street – I am familiar with cases where a DDA has decided to make major improvements to a downtown area one of which would be to reface all the storefronts following a certain theme. I do know that the DDA does write grants and tries to procure funding but in some instances they have not been able to secure all the funds. So what would the DDA do in a situation like that? I know that they can do a special assessment. What would happen if a property owner was not in agreement with this project at all so he refused to go ahead with it or what if a property owner did not have the funds to pay the special assessment? So what would happen in that case?

Mills: Our goal going into this to not tie future councils whether it's a levy of the 2 mil or up to 2 mil or special assessment. The goal with this is to utilize the revenue from the TIF standpoint. If the City and the executive director of the DDA, which is probably going to end up being me while I am here, if we write a grant for a façade improvement program it is either going to be written on behalf of the City or written on behalf of the DDA and I don't think there is any issues with the City procuring a grant and cover the expenses associated with the development in the DDA corridor. At the end of the day it is still the City of Frankfort's right-of-way. Correct?

Doren: Well in the right-of-way right. The façade improvements throws me because that is not publicly owned so I don't see how the DDA could do that. There might be some sort of revolving economic development loan but that would be through your EDC or some other agency not necessarily the DDA. My experience in the DDA that the City of Frankfort can't through the DDA regulate. Regulation comes through zoning or historic district enactment but not through the Downtown Development Authority. There is an economic development tool to provide carrots for new development.

Elaine Rush – 105 Second Street – Why would they have the authority to enact special assessments?

Doren: The DDA does not have the authority to create a special assessment but the City Council does. I think in Traverse City there was a special assessment for streetscapes combined with a capture combined with other revenue sources to put the bricks and the trees and stuff in. It can be done but it's not a function of the DDA. It is a function of the City Council.

Mills: To expand on that, the City can apply for a community development block grant for streetscape purposes and the DDA can come in with the TIF dollars and provide the match or add to it if it is in that corridor.

Christine Hildabrand Murphy - What is the advantage to the City of Frankfort by having a DDA and separating those funds? What does that do to the City of Frankfort and your funding and how that separates it? What is the advantage?

Mills: There is not going to be an immediate advantage because there is not going to be that amount of revenue generated overnight. It is going to be a long term situation but the advantage would be that there would be funds available for the corridor, specifically for the corridor. Whereas the general fund which is under control of the City Council as it prepares its budget, has the authority to direct where the funding goes towards. They can say it goes downtown.

Christine Hildabrand Murphy – Even with the DDA they have that anyway. Is that correct?

Mills: But the DDA has those tax captured dollars that can provide those funds for corridor specific projects.

Murphy: But those funds are already in the City Council.

Holwerda: Not necessarily. Every year when we go through and do a budget and we have our wish list, if you will, okay we want to put in ten blocks of sidewalk but then to get a balanced budget those ten blocks of sidewalk have to be cancelled out because there is not enough money to operate.

Jon Douglas Holmes - Box 905, Frankfort MI: I don't doubt that everyone of you have the best of intentions, I know that's what the road to hell is paved with. I know we were assured. I am old enough to remember when they made the seat belt law. Used to be you didn't have to wear it. We were promised by our legislators that you would not get pulled over for not wearing your seat belt. It would be a secondary offense and you know if your speeding and we pull you over and you're not wearing it then we will get you for it. Well, that didn't last long. And now up at Garfield Road between Hammond and Birmley Rd. they have semi regular enforcement zones when everybody is on video tape and they get people right and left. I know a hunters orange issue. We were assured how many lives it would save and I am sure it did but sales skyrocketed and people were ticketed. I know they can raise the taxes up to two mills and we may have some assurances about that but that's not the only funding source. A lot of DDA's get their money from bond issuance. And we the people don't have any say over that. The City Council does and they can issue all the bonds they want and we the taxpayers are on the hook for it.

Mills: 45 day right of referendum

Doren: Yes there are referendum rights but the City must have a way to pay off those bonds. You have to have an income stream, either revenue, maybe you've got a parking lot and they are paying for parking or you've got tax increment financing which is the capture of these jurisdictions taxes on the new construction to pay off the bonds. The bonds are just a way to get the money up front that can be paid off annually when the taxes come in as revenue.

Mills: If the City initiates a bond there is a 45 day of referendum which the community can petition against it.

Doren: I think you are right but I am not a bond attorney so I hesitate to respond.

Roo Davison – 402 Forest - He is all for encouraging development in the downtown area. He discussed with his wife over time how can Frankfort become a year round destination spot. Davison does see how this DDA really helps. You say over time the funds are being built up but over the same period of time you are robbing the City's general fund to pay for because the DDA strains funds from the City. So what the incentive is to the DDA? It seems to be an extra layer of complexity that draws money away from the city to the DDA there is no more money just more complexity.

Mills: The City will continue to receive its tax revenue based on the rate of inflation and based on the Headlee Rollback. Whether there is development or not but the City is already paying for infrastructure, maintenance, and street repairs in this corridor so with the DDA established to create this revenue source the City can eliminate that concentration of funding to that corridor and shift it to the DDA and another component of the DDA is to entice developers.

Roo Davison: How does it do that?

Doren – Well a new development generally needs new public facilities. They may need utilities, street relocation, streetscapes. They may need public parking near by and that's the incentive by capturing this money you can pay for those public utilities. The Rivers Edge in Traverse City there was substantial parking improvements and substantial streetscape enhancements so the developer didn't have to pay for those things and made this development a lot more usable. There was also tremendous utility electric relocation costs so that is the type of thing that can help the developer and won't cost the city.

Roo Davison: But the City would have to do that anyway. With the same money.

Doren: The money would come from the increase in taxable value that increase would be captured instead of going to the other taxing jurisdictions such as the county. The theory is that it would enhance the area and draw in more people and businesses to the area.

Christine Hildabrand Murphy – Do the DDA members get paid or have benefits?

Mills: It would be volunteer driven.

Dale Evans – Thank you to everyone involved in answering these questions and thanks to Steve and Bob. I was concerned when I received the letter and didn't know what this was all about. Concerned that this is going a little bit too fast because in five minutes you will have completed your requirement of the state statute as far as letting us know what is going on about a DDA and in 60 days you can establish this. I understand the Mayor said we can have more meetings but you met your requirement. Is there a way to slow down the sixty day period? More meetings more discussions?

Mayor: I can see that there is a lot more questions so there would need to be more meetings.

Mills – Options would be to table the hearing. If we conclude the meeting; the sixty day clock starts. That doesn't mean we can't have more meetings and we can still make any changes prior to that sixtieth day or we can conclude the meeting, continue to make changes and have everything done prior to the sixty days. Sixty days is the minimum.

Doren recommends that the meeting be concluded this evening and schedule other meetings to further discuss any questions or concerns on the proposed DDA. That starts another sixty day clock for other taxing jurisdictions to opt out or not and if all the other taxing jurisdictions opt out you can still have a DDA but you won't have tax increment financing as an available tool. You can make a commitment that you are not going to enact the ordinance for some period of time longer than sixty days.

A question was posed as to what other local jurisdictions would be affected besides the County.

Mills mentioned the County, Benzie Bus, The Maples and the Council on Aging. They would still receive taxes just not the increase on the improved parcel as that would be captured.

Chris Olson - Benzie County Administrator - He was a former City Manager, Township Manager, and former executive director of a DDA. DDA's are great tools and certainly tax increment financing offers an opportunity to capture a tax rate increase above and beyond what the city levies. The County is responsible for about 7 mils if that including special levies and the library. There is an approval process typically with the participating entities that can either opt in or out. Perhaps some meetings would help in that process.

When Olson was a Lyon Twp he had to go sell his DDA plan to the other taxing jurisdictions and that was a process when we have to verify what we were doing with our plan and what our projects were. Ultimately they were able to convince them that the proposal was worthwhile and the plan would make for a more valuable downtown district area and would be better for business, but also that at some future point that as the tide raises the downtown would become a more viable than the plan would reset or end because the projects were done that the taxing entity would see a benefit for giving up those captured funds. That is something that the library would want to see and the county would like to see job creation and more value created in the county this is an available tool and a good one at that but at the same time there are also reasonable limits that should go with it. The county looks forward to engaging in that discussion as it moves forward.

Johnson would like to set another date for another meeting

Suz McLaughlin – If the Public Hearing is concluded at this stage, will you still be able to take public input as it continues?

Mills informed her that they would still listen to public input and the sixty day clock is the minimum amount of time needed. Mills informed the businesses owners to feel free to e-mail him with any questions regarding the DDA.

The Public Act is available on the State website .The public act is PA 197 of 1975 as amended.

The next meeting would be January 22nd at 6:00 pm

Adjournment

Motion by Holwerda, seconded by Jackson to adjourn the public hearing at 7:05 p.m.

RC: Yeas: All

Nays: None

Motion:

CARRIED

Meeting adjourned at 7:05 p.m.

Robert J. Johnson, Mayor

Kimberly K. Kidder, Clerk