

**CITY OF CHARLEVOIX**  
**DOWNTOWN DEVELOPMENT AUTHORITY/MAIN STREET BOARD SPECIAL MEETING MINUTES**  
**Tuesday, January 5, 2016 at 5:30 p.m.**  
210 State Street, City Hall, Second Floor Council Chambers, Charlevoix, Michigan

**A. Call to Order/Invocation or Pledge of Allegiance**

**B. Roll Call of Members Present**

Chair: Dan Barron

Members Present: Gabe Campbell, Fred DiMartino, Kirby Dipert, Dianne DuPont, John Kurtz, Rick Wertz, John Yaroch

Members Absent: Tamie Gillespie

City Staff: Annie Doyle, DDA/Main Street Director; Mark Heydlauff, City Manager

**C. Inquiry into Potential Conflicts of Interest**

Member Kurtz stated that he represented a company that also leases the same building that would be under discussion later in the meeting. No one on the Board had any objections to Member Kurtz's participation.

**D. Old Business**

**1. 2016-17 Budget Proposal Review**

Member Kurtz noted that the amount discussed at the City Council meeting varied from the amount in the agenda material. City Manager Heydlauff stated City Council had no major changes regarding the DDA budget when presented on January 4<sup>th</sup>. He recalled that at Council's budget work session, Council was pleased to see the Library contribution re-instated at the full \$30,000 and also how the debt service was handled between the Marina and the DDA fund. He stated the Marina Fund would take \$125,000 of the debt burden; therefore the DDA fund for the new budget year was \$326,200. He stated that the bond payment will escalate each year and in 2016 the bonds are eligible for re-issue or refunding. In this case they would likely achieve a slightly lower interest rate and Staff would look at whether they could lower the annual payment or have a level payment for the life of the bond which will save interest.

City Manager Heydlauff stated a couple of minor changes were included as Staff further refined the budget. He noted in the revenue line there was the carryover of the 2015/16 \$17,600 Round Lake Group lease payment. The amount of rent due under the lease for 2016/17 was a higher amount so they reflected that change and they also made other minor adjustments to reflect actual revenue figures. The DDA revenue figure presented to Council was \$533,964 which was approximately \$4,000 less than the amount reflected in the documents the Board had in front of them. He stated that overall the DDA Fund was in very good shape.

City Manager Heydlauff understood that the Facilities Committee met the day before and recommended \$8.00 per square foot for the rental space formerly occupied by Keweenaw Excursions adding \$4,800 in revenue to the DDA Fund.

Chair Barron stated that there was no increase projection in the amount of the tax capture revenue. City Manager Heydlauff concurred. Chair Barron stated that a fairly conservative estimate would be an increase of \$18,000. City Manager Heydlauff explained that he and the City Treasurer used the rationale that tax revenue may stay flat year-over-year and they based their budgets accordingly, knowing the scenario is unlikely. He spoke with the City Assessor and appreciation in taxable value is expected to continue for the next few years resulting in modest gains going forward.

Director Doyle reviewed specifics of the budget narrative and proposed budget for FY 2016/17 and responded to questions from the Board. She stated that last year the DDA received \$16,000 from the property tax loss reimbursement and Staff was not sure at this point how much they would receive, so it was not factored into the proposed budget.

Director Doyle stated that the proposed budget did not reflect revenue from grants that they were working on as those funds would be recognized when the grants were awarded. She stated that previously the DDA collected the office rent and marina slip rent for the Keweenaw space, but the Marina slip rent will now be paid to the Marina Fund and the DDA's portion of the debt service to East Park and the Marina bond will be decreased accordingly.

City Manager Heydlauff stated when East Park was re-constructed in 2006, there was a fund set up with the Charlevoix Community Foundation that paid for the ongoing maintenance expenses of the interactive water feature. With a fund balance of \$7,000–\$8,000, City Manager Heydlauff noted that reimbursement of the annual costs associated with the fountain for this year and next year were expected from the Foundation, but the fund is decreasing quickly and the annual maintenance costs will become an expenditure in the DDA Fund in the future.

Chair Barron commented that currently, the sponsorships fund for the Movies/Concerts in the Park program was \$500 compared to \$4,000 last year ~~year~~ and he believed that the Organization Committee had some to work to do to obtain donations for the program.

City Manager Heydlauff stated that he, Chair Barron, and Council agreed to continue to take revenue for the dock spaces for the Marina and land spaces for the DDA. They were no longer going to say “that balances something in the debt service and that’s back and forth”. He summarized “that if it’s in the water it goes to the Marina, and if it’s on the land it goes to the DDA”. The debt service payment was a separate issue, and City Manager Heydlauff believed that this would simplify matters. He stated that the proposed change in the budget amendment would yield a net \$10,000 increase to the DDA Fund.

Member Dipert questioned if as the rents increase for BIBCO and the Brewery funds could be set aside from the increase to “a rainy day fund” for maintenance and repairs of the Bridge Park building. City Manager Heydlauff stated that the Board could do that, but noted that the DDA had a fairly ample rainy day fund and the annual lease increase was not substantial.

There was no public comment.

Member Yaroch asked for clarification on the Farmers Market revenue stream. Director Doyle stated that the way she proposed the budget for the Market was that it would break even which included an increase in the Farmers Market Manager’s salary and additional promotional/advertising expenses.

Motion by Member Kurtz, second by Member Wertz to adopt the DDA budget for FY 2016/17 with a recommendation to City Council for approval of the budget. Member Dupont stated that in looking at the DDA Director’s salary it appeared that she was making \$15.00 per hour and she felt that Director Doyle was worth more than that. Chair Barron clarified that the DDA budget only covered 75% of the Director’s salary and benefits and the City covered the remaining 25%. The motion carried by unanimous voice vote.

Member Kurtz asked that the Board switch the order of the agenda because Member Wertz had to leave and he was a member of the Facilities Committee and the Board concurred.

3. Facilities Committee Recommendation on Bridge Park Building Application Process

Member Dipert noted that the price per square foot did not appear in the ad, as well as the term of the lease and incremental increases. He stated that the Committee wanted the prospective tenant to contribute to the Main Street mission, be beneficial to the downtown area, and generate income and jobs. Chair Barron suggested that the Board should request certain information from the prospective tenants such as a detailed business plan, projected job creation, how the business may benefit the overall downtown economy, patronage, how many people the business would bring to downtown, what type of services the business would provide and whether the tenant would be seasonal or year-round. Member Dipert noted that the DDA was not a typical landlord and there was more to it than a tenant paying rent on time each month. Member Kurtz indicated that the newspaper ad reflected that the bid would have to be received no later than January 20, 2016 and would be published in the Charlevoix Courier and the Petoskey News Review.

Member Dupont suggested that the second sentence of the ad could direct interested applicants to contact the DDA Director for more information and application requirements. Director Doyle stated that they also needed a standard of what was required from the applicants and a set of questions to be addressed as part of their application. Discussion followed regarding the January 20<sup>th</sup> deadline so the Board could review the applications as part of their January 25<sup>th</sup> Board meeting. Mayor Campbell felt that the deadline did not allow much time and

Director Doyle stated it might be better to review the applications at the February Board meeting. Member Kurtz stated that the Board had an inquiry from a group interested in the space that is time sensitive. Member Yaroch felt that they should keep the January 20<sup>th</sup> date and see how many applications they receive. Chair Barron suggested they proceed on the basis that they would like to review the applications for a potential decision on January 25. A special meeting could be called if more time was necessary.

Motion by Member Dipert, second by Member Wertz to advertise the space that they have available for rent at 109 Bridge Park Drive at \$8.00 per sq. ft. following the proposed newspaper ad as presented by Staff with a deadline for applications by January 20, 2016; and that Staff formulate additional criteria per the Board's discussion. The motion carried by unanimous voice vote.

Director Doyle clarified that the criteria the Board wanted as part of the application was a detailed business plan, job creation number, traffic number in terms of pedestrian and vehicular traffic, seasonality, patronage, how the business would benefit the Main Street mission, and how the business may enhance the downtown economy.

2. Organization Committee Fundraising Plan 2016-17

Director Doyle stated that this topic was discussed as part of the proposed budget review. She shared that the Committee was nervous about the ice rink coming up and how fundraising for the rink will add a very large task to their responsibilities. Chair Barron stated that the Board could amend the budget and it would be an expense and a revenue source. The fundraising would push into next year. City Manager Heydlauff stated that if in April, May or June the Board decided to contemplate a \$500,000 expense and corresponding fundraising effort, then a budget amendment would be advisable.

Member Kurtz recalled that the directive was the DDA would provide \$6,000 if the Committee could raise \$8,000 for the Movies/Concerts in the Park program.

**E. Public Comment**

None.

**K. Adjournment**

Motion by Member Yaroch, second by Member Campbell to adjourn. Motion carried by unanimous voice vote. Meeting adjourned at 6:54 p.m.

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Joyce Golding/fgm

City Clerk

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Dan Barron

Chair