

**CITY OF CHARLEVOIX**  
**DOWNTOWN DEVELOPMENT AUTHORITY (DDA) SPECIAL MEETING MINUTES**  
**Monday, December 8, 2014 — 5:30 p. m.**

210 State Street, City Hall, Second Floor Council Chambers, Charlevoix, MI

**A. Call to Order**

The meeting was called to order at 5:30 p.m. by Chair Dan Barron.

**B. Invocation or Pledge of Allegiance**

**C. Roll Call of Members Present**

Chair: Dan Barron

Members Present: Mayor Gabe Campbell, Fred DiMartino, Kirby Dipert, Tamie Gillespie, Hugh Mason (5:42 p.m.)

Members Absent: Jeannine Wallace, John Yaroch, Todd Wyatt

City Staff: Bethany Pearson, Community Economic Development Director (CEDD)

**D. Inquiry Regarding Possible Conflicts of Interest**

None

**E. Approval of Minutes**

None

**F. Community Economic Development Director's Report**

Director Pearson reviewed the items contained within the Executive Director's Report and Community Partner/City Updates. Director Pearson welcomed Tamie Gillespie as the newest member of the Board.

Director Pearson reported that the Main Street application was submitted on December 5<sup>th</sup>. It includes over \$51,000 in financial pledges and 700 volunteer hours pledged.

Director Pearson stated that at the December 1<sup>st</sup> City Council meeting the DDA's contribution to the Charlevoix Public Library was questioned. Councilmember Porter made a motion at the Council meeting to "Mandate that the DDA make a \$30,000 contribution to the Charlevoix Public Library." The motion was withdrawn after Councilmember Porter agreed to invite Val Meyerson, Library Director and Rick Brandi, former City Treasurer/current Library Board Treasurer, to the December 15<sup>th</sup> Council Meeting to speak. Director Pearson stated it was her opinion and the opinion of the City Manager and former City Treasurer Zielinski that it is not fiscally feasible for the DDA to make a contribution to the Library. The DDA's debt bond payments are increasing and Mr. Brandi's 2004 projections are significantly lower than predicted because of the last decade of recession.

Director Pearson stated that she confirmed with Ms. Meyerson that the Library is not losing revenue because of the DDA's inability to pay. She stated that if the DDA makes this contribution and revenues stay the same or even slightly increase, the DDA will be in deficit spending in as little as two years. Director Pearson stated that the DDA values the Library as a downtown asset and the DDA's inability to fulfill the pledge is in no way reflective of their support of the Library.

Chair Barron stated that at the time the school was closing down, the DDA saw the value of preserving the property. Developers were interested in purchasing the property for a cluster housing development. The DDA stepped forward and over a period of several years preserved the property and facilitated its retention within the City as a library. The DDA amended the DDA boundaries so they could make the purchase. The DDA carried the property for an extended period of time to allow the Library to transition from their former location. In the course of a year or two of meetings and amendments to their operating ordinances, the Library went forward with a millage request for the purchase and construction of the facility. This millage is levied and paid by City and Township taxpayers.

The Library proposed that the DDA make a contribution of \$30,000 per year for 20 years. However, the DDA could not commit to a 20-year timeframe because they could not project their future financial circumstances. The DDA made a pledge based upon their financial wherewithal to pay \$30,000 a year to the Library. The DDA pledge money enhanced

the Library's ability to receive more grants and donations. The DDA agreed to the pledge based on their ability to pay at the time. Chair Barron stated that this was not a guarantee of payment.

Chair Barron stated that the DDA made the annual \$30,000 payment to the Library for five years and then the recession hit and DDA revenue decreased. On the advice of Staff, the DDA has refrained from making the Library contribution so that the DDA can maintain the focus of promoting the Charlevoix economy. Chair Barron indicated that if revenues improve to the point that the DDA has the money, the DDA will support the Library.

Mayor Campbell indicated that Council minutes from 2004 stated that the DDA was going to contribute \$30,000 a year, and he questioned whether the motion was legal. Chair Barron stated that the DDA did not have a contract to pay the contribution. Mayor Campbell stated it was discussed at the time that the Library could request a lower millage if they were receiving the \$30,000 annual contribution from the DDA.

Mayor Campbell referenced money contributed to the Main Street Program. Director Pearson stated that if the DDA decided to make the Library contribution the budget would be in deficit within two years and would harm the City's chances for getting into the Main Street Program.

Member Dipert stated that he has been on the DDA for nine years and this pledge was made prior to his involvement with the DDA. He stated that the DDA was not technically taking the money from the Library and the Library still had the means to pay their debt service from the Library district millage.

Member Dipert questioned if the Library was imposing as much millage as it could. Mr. Brandi responded that the Library was taking as much millage as it needed to pay the debt service.

Mr. Brandi indicated that the Library was allowed to increase its millage based on the cost of the bond. Each year the amount that is paid on a bond can vary and the millage is adjusted to ensure enough revenue to pay the bond. The millage can change each year. The Library passes the millage along with their annual budget. Member Dipert stated this is the reason he felt that the DDA was not penalizing the Library by not making the annual contribution.

There were no public comments.

Director Pearson questioned audience member Councilmember Porter why he requested a copy of her salary and benefits. Councilmember Porter stated that he wanted City Council to be aware of how the DDA was spending its funding.

Continuing with the Director's Report, Director Pearson stated that the City Council held a public hearing on the Outdoor Dining Program and after general discussion, the Council directed staff to bring back more information on different pricing structures and comparable rates from other communities. Council will be discussing the topic again at the December 15<sup>th</sup> meeting.

**G. Old Business**

None

**H. New Business**

1. Consideration of a Lease Agreement with Round Lake Group, LLC

Director Pearson reported that separate meters for water, grey water and electricity can be provided, but there was no way to separately meter heat, air conditioning or the additional use of the restrooms since the entire building is on one heating and cooling system. She stated that although the DDA is a non-taxing authority, the DDA must still pay taxes on the space if it is rented out to a private business.

Director Pearson stated that the average rental rate for a building on Bridge Street is \$10 with a triple net lease and \$15 with a gross lease. She believes that fair market value for their building is closer to \$9 per square foot annually exclusive of taxes and utilities.

Director Pearson stated that one of the major areas of concern is the current condition of the public restrooms and who is responsible for the maintenance. At present, the restrooms are cleaned by a City contracted vendor at an estimated cost of \$7,140/year. Rather than dealing with potentially dirty restrooms, the Round Lake Group has elected to clean and maintain the restrooms themselves provided the restroom fixtures are in good working order.

Director Pearson stated that based on these and other factors, the Round Lake Group has drafted a lease for the DDA's consideration which proposes a rental rate of \$7 per square foot (2,184 sq.ft. total) or \$15,288 per year which includes maintaining the restrooms by the Round Lake Group. The lease would begin January 1, 2015. Director Pearson advised that the lease has not been reviewed by the City Attorney.

Phil Parr, Round Lake Group LLC, explained their proposed 32 seat outdoor dining space. He also described the meeting that was held with the Round Lake Group owners and CEO Bill McDonough of the Beaver Island Boat Company.

Motion by Member Mason, second by Member DiMartino to forward the lease terms to the City Attorney for review and incorporation into a proposed lease. Motion passed by unanimous voice vote.

2. Review and Approval of the 2015-2016 Fiscal Year Budget.

Director Pearson stated that the overall projected revenue for 2015-2016 year budget was \$575,500 and expenses were \$550,000 leaving a surplus of \$25,500. She stated that the intended purpose of the surplus was to pay the increased annual debt service bond payment in the future. She stated that the debt service payment for the current fiscal year was \$435,995 and in fiscal year 2021/22 was projected to be \$532,795.

Director Pearson proceeded to review major changes in the budget as outlined in the written staff report.

Director Pearson stated that this year the Farmers Market profit was approximately \$4,000. She is projecting more profit for the next year because additional costs of moving the Farmers Market from the Chamber to the DDA would not be incurred in the new budget year.

Director Pearson feels that people see the DDA involved in new projects and they wonder why the DDA is not making the Library contribution. She feels that what people don't realize is that funds for these new projects come from grants and donations, not the DDA. Mayor Campbell suggested writing a newspaper article detailing DDA accomplishments and expressing thanks to those who have contributed to the DDA efforts and programs.

Director Pearson stated that City Staff attended an all-day budget meeting there were a couple of potential changes to the DDA budget including:

- Rents and Royalties: An additional \$15,000+ worth of revenue from the Lake Charlevoix Brewing Company, and;
- An additional expense of \$6,500 to update the fixtures in the restrooms of the DDA owned property at 109 Bridge Park Drive.

There were no public comments.

Motion by Member Mason, second by Member Dipert to approve the 2015-2016 budget as presented with the two changes referenced by Director Pearson. Motion passed by unanimous voice vote, with the exception of Mayor Campbell who abstained from the vote.

**I. Audience – Non-Agenda Input**  
None.

**J. Miscellaneous Business of the Board**

Mayor Campbell stated that he reviewed records from the past six months and some members were absent quite often. He feels that Board members should try to make as many meetings as possible and if members miss 2-3 meetings in a row there is an issue. Director Pearson stated that she would pass along Mayor Campbell's comments to the members who were not present at the meeting.

Director Pearson indicated that the DDA may not need to have the regular December meeting and she would inform the Board if the December meeting is canceled.

**K. Future Agenda Items**

None.

**L. Adjournment**

Motion by Member DiMartino, second by Mayor Campbell to adjourn. Motion passed by unanimous voice vote. Meeting adjourned at 7:19 p.m.

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Joyce Golding/fgm

City Clerk

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Dan Barron

Chair