

**Special Budget Meeting Minutes  
City Commission Meeting  
Three Rivers, Michigan  
May 11, 2010**

**1. Call to Order**

Mayor Balog called the special meeting of the Three Rivers City Commission to order at 6:00 p.m. in the Commission Chambers of City Hall.

**2. Roll Call**

The following members were present at roll call:

|                |                   |
|----------------|-------------------|
| Elbert Foster  | George Ramsey     |
| Daryl Griffith | Wendy Shank       |
| Carolyn McNary | Earl Stark        |
|                | Mayor Allen Balog |

**3. General Comments**

There were no comments at the meeting.

**4. Business**

a. Budget Review

Finance Director Lawson reviewed highlights of the FY 2011 component units. She noted the 1 mil for the DDA included in the budget.

Discussion included:

- BRA and DDA did not share funds;
- DDA millage was set by DDA and proposed to the Commission for approval;
- Commission would be asked to approve millage and budget at June 1<sup>st</sup> budget hearing;
- Across the board tax was not fair.

DDA Attorney Mike O'Connor explained that the expanded district was experiencing economic decline at the time of the expansion. The purpose was to fund the promotion of economic development. The statute required uniformity of taxation, so the DDA should not be taxing only one part of the DDA district. One group was paying for efforts directed at another area the way the tax was currently. The City had been out of compliance since 2002. The State Tax Commission had expressed a desire to see the City moving toward compliance.

Discussion included:

- What had the DDA done for the expanded portion;
- Could not spend money outside the district;
- Original district was paying 2 mil, so 1 mil kept the budget about revenue neutral;
- Felt the mil was punishing the expanded part;
- Would correct legalities;
- Most of DDA funding was from TIF;
- Wanted to drop millage and let property owners vote;
- DDA members were not asked to join, a public hearing was held, and an ordinance was adopted.

DDA Attorney Mike O'Connor explained that the millage was primarily for operating costs, and the TIF money was generally used for project costs. He felt that including the expanded part was not a punishment, but rather an opportunity since the DDA is a valuable asset. He did not feel that the millage could be a vote of the people because the statute did not allow for it.

Tom Meyer of 610 Tulip, member of the DDA Board since before the expansion, reviewed the history of the expansion. He included the creation of the original DDA because of deterioration and the expansion because of deterioration. He compared the 26 empty buildings when he started compared to the few that were empty now. He stressed the need to fund the programs that the DDA had. He expressed a desire to be able to go back and fix the issue, but the need to comply and continue the progress. He mentioned that the DDA had expanded partially to capture the new apartment complex, and that the Library had kept its portion of the TIF capture. The 2002 Commission had felt the area needed assistance, and the expansion allowed the East Parking Lot project. Once debt was paid, there would be money for more projects available. The walk-through was completed as a way to get from the parking lot into the downtown. He stressed that businesses would have rebates, discounts, snow removal, hanging baskets, and access to a revolving loan fund. He also stressed that the DDA could not continue improvements without money. He felt that the Commission gave the DDA the responsibility for improving the DDA, and he wanted to be able to do the job. The millage was a compromise from 2 down to 1 mil, and he mentioned looking at the millage again in a year or two. Mr. Meyer was unaware that TIF money should not be used for operating expenses, but noted that with no millage, the DDA would be back into non-compliance without firing staff. He mentioned that the expanded area had not received all the benefits because the millage had been paid only by the original district.

Commissioner Ramsey felt that no millage was the solution and asked about members that supported the millage.

Mr. Meyer responded that he owned more buildings than anyone downtown, and he supported the millage.

Commissioner Griffith asked about the benefits for residences.

Mr. Meyer noted the sidewalk snow removal, paint discounts and rebates. He felt home owners that made improvements could recoup the amount of the millage the first year. He also noted that it was difficult to measure all the benefits of a growing area.

Mr. O'Connor answered that the DDA generally needed to be contiguous. He reminded the Commission that a previous Commission had established the expansion because it was necessary to promote economic development. He noted that a vote for no millage would punish the DDA for a mistake 8 years ago, and it didn't seem like a remedy.

Commissioner Foster asked about not punishing the expanded district.

Mr. O'Connor reported that the TIF plan spelled out the projects. The millage was the money to be used to carry out the projects, planning activities, offices, and management.

Mr. Meyer expressed a desire to be on the right side of the law and a need to provide services.

Commissioner Ramsey asked about downsizing and removing the area south of the river along Main Street.

Mr. O'Connor noted that there was a process to shrink the district.

City Manager Bippus noted that the DDA had proposed the West Michigan area, but a previous Commission had added the South Main area.

Mr. Meyer mentioned that the Second District Commissioner at the time had wanted South Main to receive the potential benefits that the DDA could bring. He mentioned that the DDA plan had only included West Michigan.

Commissioner Griffith stated a concern for residences.

Mayor Balog asked about River Glen in the original district becoming owner occupied instead of rentals.

Christy Trammell, DDA Director, mentioned that she had been working to equalize benefits for the past 2 years. She noted that the revolving loan fund had been utilized in the expanded district. She reported that future projects could capture the four gateways into the City, and the DDA would be focusing on those types of projects. Flowers had been purchased for the entire district for 2010, and the MEDC was offering grants across the entire district. Grant money had also been used in the expanded area.

Commissioner Foster expressed concern about his sidewalk next to his building.

Director Trammel noted that the sidewalk next to building may not work because of the potential to damage the building.

Commissioner McNary felt the DDA had done a wonderful job, and she did not want to see what the City would look like without them. She felt the DDA needed to be in compliance, and did not want to go backward.

At 7:10 p.m., Mayor Balog opened the floor to public comment.

Helen Dettmar of 619 South Main did not want a tax increase or to be in the DDA district. She asked the Commission to dissolve the DDA because she felt it was established on lies.

Blaine Edgell of 309 North Main Street felt the economy was too rough to add tax. He did not feel the benefits were real benefits, and the people had been promised no tax. He felt the Commissioners should keep the promise or make the DDA voluntary, have 2 separate millage rates, or dissolve the expanded part.

Craig Ball of 306 West Michigan resided in the expanded part. He felt the DDA was wonderful downtown, but the expanded border was arbitrary. He stated that he would rather pay the 2 mil if he had to pay so that the original district people would not be paying less. He didn't feel the rebates were worth it.

Larry Richman of 612 South Main Street agreed that the DDA did a great job. He felt that the grant money was just another way of using tax payer dollars. He thought that if the money spent on the expanded district was less than the cost, the DDA should not include it.

Mayor Balog closed the floor to public comment at 7:20 p.m.

Finance Director Lawson reviewed the general fund.

Discussion included if the chiefs felt they had the resources to make things work.

At 7:46 p.m., Mayor Balog opened the floor to public comment.

Larry Richman of 612 South Main thought Ms. Lawson had done a great job and noted the fewer 911 calls would help the police department.

Mayor Balog closed the floor to public comment at 7:46 p.m.

Finance Director Lawson reviewed the special revenue funds.

Mayor Balog opened the floor to public comment at 7:59 p.m. Hearing no comments, he closed the floor to public comment at 7:59 p.m.

Finance Director Lawson reviewed the enterprise funds.

Discussion included:

- True cost allocation was planned for 2012;
- Critical care transport class funding was included;
- Constantine Village worked on a debit / credit program;
- Manpower, mileage, and use of equipment was built into the rates;
- Rates may need to be raised;
- Constantine was a competing entity for new business;
- Rate study was part of plans for FY 2011.

Mayor Balog opened the floor to public comment at 8:24 p.m.

Larry Richman of 612 South Main asked about shutting water off sooner so the tenant deposit could be lowered.

Mayor Balog closed the floor to public comment at 8:25 p.m.

Finance Director Lawson stated that the billing was for the previous 2 months, and the \$200 was not always enough. She mentioned that the City had been more efficient with shutoffs, but there were 50-60 per month to be done.

Finance Director Lawson reviewed the internal service funds and debt service. She pointed out that a balanced budget had been presented, but that a \$300,000 shortfall was expected in the next budget year.

The Commissioners thanked Finance Director Lawson for her work.

## **5. City Commission and City Manager's Communications**

Commissioner Shank asked about using volunteers for work and offered to organize volunteers.

City Manager Bippus thanked Commissioner Shank. He also noted that the City had been using the MI Works JET program and interns for free work.

Commissioner Griffith noted the minimal cuts to service considering the major funding cuts. He thanked staff for not taking a raise.

City Manager Bippus responded that he felt that was the leadership necessary before asking for concessions from employees in the next year.

Commissioner Griffith asked about the next step for the DDA.

City Manager Bippus responded that the DDA would come back with another option.

Mayor Balog did not support the DDA budget as presented.

City Manager Bippus mentioned that there were two options. The Commission could adopt a budget like the previous year with the understanding that the issues would be examined. That could include polling property owners.

Mayor Balog asked about taking South Main out of the equation.

City Manager Bippus responded that the property values would become uncapped and all the boundaries would be opened for that to happen.

Commissioner Griffith asked about water and sewer rates.

City Manager Bippus responded that the rates had been raised so infrequently that the change was a shock when they needed to be increased.

Commissioner Ramsey felt the DDA should drop the millage, cut the \$14,000, and keep the TIF.

Finance Director Lawson noted that TIFs were for improvement projects. If the millage was eliminated the City would be crossing another fine line.

Commissioner Griffith mentioned cutting the director and maintenance person for operating.

City Manager Bippus noted that cutting the positions would eliminate the responsible person to carry out the tasks.

Mayor Balog was unhappy that the current Commission was being held responsible for fixing an error from experts from the past.

City Manager Bippus reported that he would be on vacation for the next 3 days.

**6. Adjournment**

It was moved by Commissioner Stark and seconded by Commissioner Foster to adjourn the meeting.

The motion passed 7-0.

Mayor Balog adjourned the meeting at 8:55 p.m.

Respectfully submitted,

Lindsay Howes  
City Clerk