

**Special Budget Meeting Minutes
City Commission Meeting
Three Rivers, Michigan
May 25, 2010**

1. Call to Order

Mayor Balog called the special meeting of the Three Rivers City Commission to order at 6:02 p.m. in the Commission Chambers of City Hall.

2. Roll Call

The following members were present at roll call:

Elbert Foster	Wendy Shank
Daryl Griffith	Earl Stark
Carolyn McNary	Mayor Allen Balog

Commissioner Ramsey joined the meeting at 6:04 p.m.

3. General Comments

There were no comments at the meeting.

4. Business

a. Budget Review

Mayor Balog opened the floor for public comment at 6:04 p.m.

Donna Grubbs, DDA Chair, explained the reason for the millage and noted that the 30 residences were included because of the need to be contiguous. She mentioned that there were 8 properties with homestead exemptions in the expanded part of the district. She stressed the need for the tools for progressive growth including programs and staff. She noted that previous minutes not only do not mention a promise, but it is noted that a future levy was possible. She reported that over 13 million dollars had been invested since 2002; there were more residents; and significant progress toward economic vitality. She presented before and after pictures of some buildings.

Marcia Saunders of 53904 Silver Street had worked for the City for 7 years and had a passion for the downtown. She felt that sometimes taxes needed to be raised for the greater good and looking toward the future. She felt the work was never done and the group would always have challenges and obstacles, but it was the coherence of the community. She felt that since the State had invested over a million dollars recently, the City should maintain what was built by supporting the DDA.

Blaine Edgell of 309 North Main Street felt it should be equal service for equal dollars. He did not think the DDA could service the entire district for the same amount of money. He did not think the expansion would have happened without the compromise of 0 mil on the expansion. He had taken a 20% pay cut and felt 1 of 7 people were behind on their mortgages. He felt that he should pay his own bills before DDA bills. He thought the DDA could cut its projects if there was not enough money without the millage, and it was time to maintain what was already there. He questioned if the loans should have been paid early and suggested a questionnaire to property owners to find out what they wanted. He did not believe that the law really required a change since it was acceptable in 2002.

Craig Ball of 306 West Michigan Avenue did not see any reason for single family residential homes to be in the DDA. He suggested putting a millage on the ballot and letting the entire community support it. He did not feel that the DDA efforts with the flowers were a good show of what they could do.

Helen Dettmar of 619 South Main felt the DDA could not continue to build on lies and misunderstandings. She did not think the Commission could go against everything they had told residents in 2002. She did not see that the second district commissioner had ever asked that South Main be included in the district. She submitted signatures of people that were requesting to be removed from the district and did not want the millage.

Larry Richman of 612 South Main Street said he was promised no new taxes. He did not feel snow plowing was worth the money since the service was not fast enough. He did not want the plants either. He felt the tax should be cut and the services gone.

Jim Nerad of 4 ½ North Main spoke in support of the DDA. He felt it inspired business owners and created business throughout the City.

Jamie Clark of 1349 Auburn Woods stated he was a property owner and taxpayer. He felt it was time to move forward with the tax. He felt it was necessary for progress as a City.

Beeta Folk of 173 East Michigan did not think the tax was fair to the River Glen Condo people. She thought many were on a fixed income and services were not worth the money.

City Manager Bippus noted that a 1 mil budget would decrease the taxes for the River Glen Condo properties.

Margaret Deames owned Love Your Mother. She purchased a home to be near the downtown and had seen so much progress. She saw the downtown was an attraction around the state, to people from out of state, and wonderful for the people living here. She felt the City should not stop now. She thought the support was a good way to be a model for young people. She did not think the tax was about exclusion, but rather sharing in the potential for the future.

Dave Allen of 15844 Homestead had a passion for the downtown, but was sympathetic toward the people paying the taxes. He felt that it was time to invest in the downtown or the investors would not. It was a way to keep making the community special.

Judith Gilchrist of 110 East Adams worked hard in the past to keep the DDA active because it was an integral part of the City.

Patty Lockwood of 19561 Thompson Lane, owner of 72 North Main Street, had been on the DDA for many years. She was a local realtor and realized the rough economic times. She felt it would be scary to take a step backward. She felt her property sales were excellent because she promoted the town. She felt people may be missing the point that without the 1 mil, how would the DDA keep going? It had started as a small committee and now was a brick and mortar group focusing on growth. She felt it was necessary to look at the future. The 1 mil was a compromise to stay even.

John Johnson of Sturgis Bank and Trust was impressed to see the turnout in favor of the millage. He met with people having a rough time paying bills, but also saw a lot of people that were happy and blessed to be in Three Rivers because of the schools and downtown. He felt supporting the millage was the responsible action.

Pat Monahan of 59885 Knevels Court supported the DDA. He mentioned a community in Somalia with no taxes and how dangerous it would be to live there. He felt that taxes could be stifling, but there was a place to fall

in between the extremes. He questioned the possibility of continuing without taxing the expanded district before making a decision.

Larry Michael Hackenberg of 60321 Constantine Road felt the DDA had embraced the Three Rivers Artist Guild to make the business successful. They had help from setting hours to advertising. He noticed a lot of waste containers from other area businesses in his trash also. As a professor of urban landscape architecture, he watched a deteriorated Ann Arbor downtown build. He felt Three Rivers was at the tipping point where people felt they were not seeing results they hoped for and feel like backing off. He stressed that this was not the time to back off. All the pieces were here and ready, we just need to stay the course.

Mike O'Connor of 600 Pine Street and DDA attorney stressed that the law was clear now and in 2002. There must be uniform taxation. The DDA wanted to do the right thing and was asking the City to also. He stressed that the district needed to be contiguous. He felt that even if a promise was made in 2002, it did not matter. The current commission was not held and bound to decisions made 8 years ago. The budget was an annual process, as was the millage request. The TIF was for public purpose within the community. The millage was for operations. He offered to answer and legality questions.

John Johnson asked if some of the letters of support could be read.

Bruce Snook of 620 Pine Street focused on the vision, courage, and wisdom shown in the revitalization efforts over the last few years. He knew of the challenges and hard work, but the City's support would advance the cause. He felt the City was just starting to see the fruits of the labor. He reviewed Main Street guidelines for revitalization and how the DDA had provided the services to meet the guidelines. He strongly encouraged support of the millage.

Christy Trammell, DDA and Chamber Director noted the request for support in the letters that discussed how the DDA affected them. She noted the crowd of support in attendance. She reported that some of her duties as director included fielding calls regarding businesses, showing properties, clean up efforts, and assisting with tax credit programs. In the 2009 "recession," seven new businesses had opened. She noted the momentum that other DDAs did not have. She mentioned that she assured business owners that Three Rivers was business friendly. She encouraged support of the millage to show that the City is business friendly.

Tom Meyer of 610 Tulip was on the DDA. He felt the expanded area had not seen the benefit yet. The DDA had grown, and the term downtown did not mean just a one block area any more. He felt the routes into the town were important. Since the deterioration did not happen in 5 years, it would not be fixed in 5 years. The one block downtown area was what needed the attention first. Now the focus would branch out to the two routes – South Main and West Michigan. The DDA planned to spend money there. His preference was to have 2 mills on the district, but the DDA had started with a compromise. He asked the people on the routes to have patience. Participation was needed from the property owners, both business owners and residents. It would have to be a year after year project.

Sarah Ely of 29 North Main stressed that she would not have completed her façade projects without the State funded grant through the DDA. She felt that the resources and encouragement from the DDA was what kept her projects going. She saw a brighter future for the town because of the DDA, but stressed that it took money. She liked seeing the changes made

in Three Oaks and was excited to see the same changes starting in Three Rivers. It took time, but funding was a necessary step.

Tom Lowry of 53 ½ North Main reported that the taxes would be going down for all the property owners in the original district. He stressed that shrinking the district would change the TIF capture values. Since Bentwaters was a field for the base value, and it was now valued at almost 6 million, most of the TIF money would disappear. He felt statements were different than a promise and the group did the best they could at the time. He felt zero mills would destroy the DDA budget. The TIF capture would cover loan requirements, but it would stop progress. He noted that he had voted against the expansion because the chair of the DDA was adamant to increase revenue. He also had not wanted to dilute the original downtown. He felt the Commission should not threaten to punish the DDA because of 2 people whose taxes would go up. As a solution, he represented a private group of citizens that promised to cover the 1 mill for at least 10 years on the 8 homesteaded properties.

Nancy Boyce of 24638 Butternut chose Three Rivers because of the downtown. She noted the help and encouragement from the DDA kept her in business. She felt the DDA had a good core group of business owners that cared about the community. She mentioned the Pure Michigan campaign and felt that no millage would go against the effort. She noted that the business employed people of the community. She also felt that the Riviera, Place in Time, and Carnegie were unique to the area. It was not a matter of "used to be" wonderful, it "is" wonderful.

Teresa Cytlak of 901 West Michigan cared worked to keep her property beautiful. She wished everyone else felt that way. She stressed the need for progress on West Michigan and South Main. She noted that Schoolcraft looked wonderful, and the money for the projects was not just handed over by the City.

Mayor Balog closed the floor for public comment at 7:25 p.m.

Mayor Balog felt Three Rivers had never looked better. The law had not been clear 8 years ago, and now the current commission had to correct the issue. He had an issue with owner occupied homes paying the millage, but the district could not be opened. He questioned how they would know this was the right way when the State refused to write a letter of interpretation.

Commissioner Foster asked if anyone had been to the businesses in the expanded part.

Danielle Moreland stated that the DDA had been to and supported the expanded district, by shopping at the businesses also.

Teresa Cytlak noted that she attended meetings because she looked for the public notices in the newspaper.

Christy Trammell reported that a letter had been mailed to everyone in both districts.

Commissioner Griffith did not hear anyone wanted to get rid of the DDA; there was just concern of how it would be funded. Rowdy Keith had been raised in second district and was on the Commission when the DDA was expanded. He had requested that South Main be added. He did not have a good feeling about knowing the law since the legal system was open to interpretation. He felt promises may not have made it into the minutes. He would like to carve out residences, but opening district lines could ruin

the DDA. He did not believe there were enough benefits for residences and felt rebates were a simple solution.

Danielle Moreland asked if specific dollar amounts should be rebated.

Commissioner Griffith thought it would be a set amount for simplicity rather than the levied amount per property.

Christy Trammell mentioned that there was already a discount and 25% rebate up to \$750 for painting costs.

Tom Meyer noted that any programs had to be consistent with the TIF plan.

Commissioner Griffith wanted to take a look at the TIF plan. He asked about the DDA being taxed differently than everyone else in town.

Tom Lowry noted that the 1975 law allowed it.

Commissioner Griffith asked for the State to weigh in.

Mike O'Connor noted that the 2002 law was as clear back then. While there had been no change in the law, it had been well settled. The millage was an ad valorem tax, and the law stated that ad valorem tax must be uniform. Having 2 districts had not been permitted in 15, 20 years. The DDA TIF plan was broad in scope, so while he would need to look closer, it sounded like rebate ideas would be permitted. The rebate program arguable served a public purpose.

City Manager Bippus mentioned the funds from private donors to cover the residential millage increase.

Commissioner Griffith noted that while some businesses had not seen benefits, they had not seen a levy either. He felt it was a bid district to take care of now. He would possibly support the millage if residents could get some benefit or rebate.

Christy Trammell had placed a question on a DDA listserv and learned that residents in DDAs were very common.

Commissioner Shank questioned some properties cut out of the district around Bentwaters.

Commissioner Ramsey thanked Tom Lowry for part of the solution, the Elys and Tom Meyer for investments, and Teresa Cytlak for effort into her property. He felt property owners needed incentive to take the first step. He felt promises were implied, and the ordinance needed to be amended. He thought it would be able to meet in closed session to get everything out on the table, but needed to work some things out before a vote. He was surprised that there were only 8 homesteaded properties

Mayor Balog questioned the penalty if nothing was changed.

Mike O'Connor noted that the State suggested there was little enforcement power, but wanted to see positive movement toward a solution.

Danielle Moreland felt the City was opening itself to a lawsuit if the mistake was not fixed.

City Manager Bippus noted that direction by consensus would help in the preparation for the next meeting.

Commissioner McNary asked if Mr. O'Connor would get more information from the State. She felt compliance was important and that the community should be working together.

City Manager Bippus responded that they would try again from the State. For budget purposes, he asked for direction. He asked if the Commission supported the 1 mill with the private citizens backing the homesteaded properties.

Commissioner Ramsey stated that he would not.

Commissioner Griffith still had questioned that he wanted answered.

Mayor Balog still had more questions.

City Manager Bippus asked if a rebate program would help. He noted that this was the first year that the State had allowed grant dollars beyond the downtown, and that was another incentive to not change boundaries. He mentioned that he needed to know what to bring back to the June 1st meeting.

Finance Director Lawson mentioned that the DDA was only a portion of the City's budget.

Commissioners Foster and Ramsey noted that they like everything else in the budget.

Commissioner McNary mentioned that she like the budget the way it was presented.

Mike O'Connor responded that he would try for better communication from the State before the next meeting.

Finance Director Lawson offered to bring two resolutions, one for the entire budget and one for the budget excluding the DDA. She noted that adoption of the budget meant adoption of the levy.

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

There were no comments.

6. **Adjournment**

It was moved by Commissioner McNary and seconded by Commissioner Griffith to adjourn the meeting.

The motion passed 7-0.

Mayor Balog adjourned the meeting at 8:07 p.m.

Respectfully submitted,

Lindsay Howes
City Clerk