

**CITY OF EVART  
REGULAR COUNCIL MEETING**

December 2, 2013

Meeting called to order at 7:00 p.m.

Present: **Mayor** - Eric Schmidt; **Council** - Dan Elliott, BJ Foster, Casey Keysor, Gregg Sherman; **City Clerk** – Seraphim Leemon; **City Manager** – Zack Szakacs; **City Treasurer** – Sarah Bigelow. Absent: (none)

Guests: Buck Vallad – Director DPW, Cadin Keysor, Nicole Weiss – *Cadillac Evening News*, Karin Armbruster – *Pioneer Herald Review*, Melora Theunick – Director LDFA, Patrick Mucznski, Al Weinberg – Director DDA, Chase DeMott, Mitch Perry

**Citizenry Comments:**

(no remarks)

**Moved** by Keysor, seconded by Foster to amend the agenda ...

...adding City Manager addressing Treasurer's need to make loan to fund sewer

**Passed** unanimously.

**Moved** by Foster, seconded by Sherman to approve the minutes of November 4, 2013

**Passed** unanimously.

**The LDFA - Director Melora Theunick reports:**

Chamber of Commerce has revisited its Christmas Party plans. In lieu of traditional December gathering, will stage January "Community Awards Banquet" for Saturday Night dinner/dance, either 18<sup>th</sup> or 25<sup>th</sup> – date to be determined. Chamber requests City Hall commit to generating (nominating/creating) some of the awards. All agreed by consensus.

**The DDA – Director Al Weinberg reports:**

1.) Demolition bid collection process continues. Crookshank Building and Speeds Building deadlines both January 13, 2014. Walk-through day of Council meeting at Speeds with prospective bidder, looks promising. Crookshank Building has mold, needs new roof, windows newly vandalized - active police investigation.

2.) Advertising for Rainbow Records. Technical impedances discovered via City Attorney's office as to obtaining a clear title (e.g. defunct NDB bank mortgage claim; Saginaw area attorney overlooked sending of previous deed), all are expected to require about two weeks to resolve. Foster asked if Rainbow is a "condemned" property. No, DDA is working with owner "good cop/bad cop" to ward-off the City and in turn, take possession of the building. Building does lean to the north. City Manager offered background that owner sustained injuries in car crash over a year prior and subsequent to that has been unable to keep up with ordinances. Rainbow may be sold or demolished.

There is no “minimum demolition bid” threshold for any of the current properties, although Weinberg says DDA reserves right to reject any bid.

3.) Weinberg reviewed DDA’s alignment with its Board’s February goals and finds organization to be on target: (a) increase number of events and attendance therein – 2013 grew by 1800 attendees (b) seeking of DIG grant (c) identifying Speeds Building as one to remove (d) identifying Rainbow Building as one for either sale or removal.

Unfinished Business:

- **City Manager opts to postpone Moving Evert Forward correspondence**

- **LDF/DA Budgetary and Future Existence Concerns**

1) City Manager is deeply concerned that from a dollars-and-cents perspective, the loss of Dean’s and the imminent water-use changes at Ventra will drain LDF/DA revenue from about \$600,000 to \$60,000 in 2014. Savings account balance of less than \$36,000 and Szakacs questions where payment of some bills (City provided snow removal, et al) excluded from their budget, will be paid. Additionally asserting that while LDF/DA did adjust its budget in wake of November 11 Council Meeting, their retention of consulting firm DGA flew in the face of prudent budget pruning.

2) DDA income will likely plummet from about \$71,000 to \$10,000 with the change in 2014 taxes, and their savings balance is at most \$143,000. Szakacs sees the risk that repairs to Crookshank Building’s roof/mold/vandalized windows potentially places on DDA savings account balance.

3) City Manager expounds on what he sees as inequity of LDF/DA getting dollars otherwise due directly to the City’s coffers:

- Notes that City Budget is set on a 1990 tax base, but LDF/DA reap benefit of the increased tax base.
- Reminds Council that 2010/2011 he set down with DPW and determined these agencies should no longer fail to reimburse City for lawn/road maintenance (LDF/DA \$6,000/annually, DDA \$7500/annually)

4) Szakacs demands to know why, if City is scolded by auditors for having a mere \$5,000 buffer for emergencies in its Sewer Fund, how can the DDA & LDF/DA expect to function under current numbers and more importantly he asserts that it will be the already cash-strapped City which will ultimately inherit the debts/encumbrances of each agency if they are allowed to spend-down their own savings in an attempt to offset operational costs.

5) City Manager acknowledges his many “head buttings” with Mayor over this dissolution issue since 2010.

6) Szakacs offers admonition to Council to be on the alert that the “Cash Poor – Land Rich” LDF/DA does not sell properties which in future years would benefit Evert (by way of expansion or sale in better economic times), merely to keep themselves afloat over the next couple of years.

7) Elliot questions wisdom of dissolution, emphasizing that in practical terms they cannot be recreated under current Michigan laws. Points out invaluable asset they have proven over time: Industrial Park’s roads, parks, sewers. When asked why current “big business interests” don’t appear to have Evert relocation plans, Elliott candidly points to our greatest weakness: inferior educational system. Citing also that

only 19% of our population has a college degree. Szakacs pairs this with Dean's laments of no distribution systems, no train.

8) Sherman counters some of Elliott's credit to LDFA for the Glass Plant's arrival, citing the union pressure in favor of it and the huge wage advantage to Chrysler of Osceola \$8/hr pay scales. Adding that paint-type operations naturally prefer Osceola/Evart because of our relaxed environmental codes.

9) Elliott emphasizes that any LDFA effort needs to be thought of as minimally a "10 Year Plan".

10) Szakacs laments past LDFA/DDA projects that carried with them "legacy expenditures" left in the lap of the City budget, example cited: decorative street lights. Additionally questions DDA fascade program value when he sees the business owner vs. tax payer as the "responsible party" for exterior upkeep.

11) Keysor asks how Reed City has managed to successfully lure multiple small industries.

12) Sherman raises concerns that the era has changed; asks if all small towns aren't struggling.

13) Elliott says with Ventra customers being GM, Chrysler, Ford – Bellvedere is our competition not Marion.

14) Elliott adds that cities lack legal authority to raise dollars for big ventures, but LDFAs are tailor made for it; Szakacs then wonders why many statewide have been dissolved. Everyone agrees that they exist for "...a plan, plan accomplishment, then dissolution", but the definition of each step, remains under debate. Act 99 authorizes cities and then paired with LDFA Elliott notes that working together creates TIF authority.

15) Sherman asks how many jobs since 1990 LDFA has actually generated. (Again, region's average educational level is cited as major detractor.)

16) Szakacs points to the lack of local culture (everything's a commute). Says we should market to what we DO have – small town charm, etc. Has never endorsed idea of tax-credit lures

17) Elliott says number one lure is "Tax Increment Finance".

18) Debate over Lansing's likely position in forthcoming tax year over LDFA/DDA preservation/special funding.

19) Foster notes that "on a graph" preservation of LDFA/DDA would appear unsustainable

20) Weinberg doesn't agree with all elements of City Manager's report; notes that Szakacs sits on DDA Board; reminds Council of mission statement: "Build a vibrant downtown community ... attract and retain business" – which, as DDA Director, he feels is being met and a purpose yet to be fulfilled. Adds that the DIG grant comes with DDA momentum and that city websites are the product of LDFA/DDA doing.

21) City Manager angered by LDFA's non-filing of state financial reports; Theunick responds that in her understanding these had previously been done by City Treasurer; current Treasurer shared that research shows Dan Elliott, as LDFA Director, was the last to file. Szakacs ultimately places blame on current directors suggesting that in assuming their respective offices they should have debriefed themselves accordingly.

22) Mayor points out it isn't the Director of LDFA who chose not to release contract with MSG, it was a Board decision. Sherman laments that if MSG requests another study (\$50,000, based on previous experience), and Evart is raising sewer rates to offset Dean's loss, how can this be justified.

23) Foster appreciates Elliott's perspective on the long term nature of LDFA, but

wonders if the electorate which placed each council member into office truly cares what happens in 20 years versus the current crises of blight/water rates.

24) All agreed to **call a Special Council Meeting** to focus exclusively on the future of the LDFA & DDA, with all interested parties prepared to offer information and documentation. It is hoped that public input would be abundant.

Date set: Wednesday, January 8, 2014 6:00 PM

- **Appointments to Boards and Commissions**

**Moved** by Schmidt, seconded by Keysor:

Finance – Elliott replacing Carlson; Labor Relations – Sherman replacing Walter; Street Commission – Elliott replacing Carlson; Police Commission – Foster replacing Walter; Maddern to be retained on Housing and additional Board appointments to be addressed at next Council meeting. **Passed** unanimously.

New Business:

- **City Manager recommends borrowing from Water Fund to pay Sewer Fund bond which comes due January first.** Treasurer notes that this bond expires July 1st 2018. FYI: since July we have averaged \$28,000 in Sewer revenue – annual estimate of \$345,000, versus budget reflecting \$568,000. Bigelow reports that there is only \$10,000 in Sewer account, so she will be borrowing 100% of the \$27,233 due. Szakacs emphasizes that the Sewer account is constantly struggling and that in June another \$30,000 will be needed to paid in advance of July 1<sup>st</sup>.

**Moved** by Keysor, seconded by Foster to borrow full amount from Water Fund for January 2014. **Passed** unanimously

- **Treasurer – Sarah Bigelow reported:**

Submission of Manual Check Report November 20 through 27; Revenue/Expenditure Report July 1 through November 30; and Vendor List.

**Moved** by Foster, seconded by Keysor to accept Vendor List as submitted

**Passed** unanimously

- **City Manager – Zack Szakacs Reported:**

1) Citizen Surveys have been sent with tax bills and already 15 have been returned to City Hall. Blight / Rentals / Empty Houses / Recommendations to increase user fees, so far, appear several times in Remarks section. Kelly will be putting the survey online also.

2) Snow has arrived, so DPW plowing and time constraints are upon us.

**Moved** by Elliott, seconded by Keysor ...

... Adjournment at 8:20 p.m.

**Passed** unanimously