

Downtown Muskegon Business Improvement District

Meeting Minutes

August 18, 2015

380 W. Western Ave., Suite 202 Muskegon, MI at 4PM

- 1) Call to Order: 4:05 PM
- 2) Attendance:
Doug Pollock (Chair), Justin Clark (VC), Bruce Lindstrom, John Riegler, Connie Taylor, Bob Tarrant, Gary Post, Frank Peterson

Excused Absent(s): Mike Hennessy

3) Consent Agenda

- a) Approval of Agenda

Motion: John Riegler
Support: Bruce Lindstrom
Vote: All voted in favor

- b) Approval of Minutes from the July 22, 2015 Meeting

Motion: Frank Peterson
Support: Bob Tarrant
Vote: All voted in favor

*G. Post asked for a point of clarification in the July minutes on alleys and regarding what the city plowed and what the BID would be plowing. Staff was asked to report back to the BID Board in September on this.

- 4) Public Comment (on an agenda item) – The board chose to leave the floor open for the whole meeting allowing attendees to participate as they like.

5) Unfinished Business

- a) Follow up on questions from July 22 meeting:
Staff had been asked to explore further with the city the possibility of doing two billings.

F. Peterson reported back what the city was able to do:
Two billings can be done, however, neither would go out on the tax bill. The city will just do two billings like a utility bill. The BID Board would set the assessment due dates and the city would send the bills out accordingly.

It was noted that if a bill isn't paid, then we run the risk of just not getting that money. As a result it could take longer to collect all the outstanding bills. If a bill isn't paid then the

BID Board would have to decide if they want unpaid bills added to the following year's tax bills. This would ensure payment of the back assessment.

F. Peterson also noted that if we did one billing (on the winter tax bill) and property owners didn't pay, the county would make the BID whole in its assessment and then the county would collect any unpaid assessments itself. (This is what the county does for local units of government to help guard against budget shortfalls.)

The reason tax bills wouldn't be utilized is because the city doesn't send out a summer billing, only a winter one. If any local taxes/assessments are added to the summer bill (which is just state taxes) the city would have to pay the whole mailing bill for summer taxes. This isn't something the city would like to do.

B. Tarrant asked for clarification on Peterson's statement about assessment collection: if we do this on a tax bill, we're guaranteed a collection?

F. Peterson: that's correct because the county goes after these bills if they are not paid.

D. Pollock: If we had to take collection actions, who would be responsible for the bill?

F. Peterson: Usually there's a 30% surcharge, if we went after it ourselves, so we'd be taking some off the top. So, that would cut into the budget. The city could work to help with things in case there is a large amount of unpaid assessments.

D. Pollock: Is there still support for two assessments among the board members?

G. Post: I think that's best.

J. Riegler: I'd agree it's the better option, though with this new information, it's not perfect.

B. Tarrant: It might be a good idea to put more money into the reserve funds

J. Clark: At least 10% (\$13,000) would be advisable

Staff made two suggestions – pulling two budget items (art and banners & directional signs) into the reserve funds would give us about \$13,000 in reserves. Then upon receiving funds the board could reestablishing the two line items.

F. Peterson suggested this possibility of getting a \$50,000 float loan from the city to get the district going and then the BID would pay that back upon receiving funds or over time. This could help the district maintain services even if there's a number of uncollected assessments.

D. Pollock: Seed money would be a good idea, but that doesn't answer the reserve funds questions. I support the idea of pulling in the two referenced budget items into reserve.

J. Clark: What if we leave the budget as is and put a stipulation in the budget explanation that those two items wouldn't be spent until board approves spending money out of those accounts? This would provide padding if funds are not fully collected.

G. Post: I have a question about the budget explanations. It's noted that unused funds will be rolled into the same budget item next year, what was the reasoning behind that? It seems a little restrictive.

Staff: It was simply a suggestion of how to possibly deal with unused funds. It would be up to the board if they would like this handled differently.

F. Peterson: Having a single explanation that says all unused funds go into the reserve fund line item could be a better approach. This would give the board more latitude in future years and to ensure that if there's a shortfall in one area reserve funds could be used to make up that shortfall.

J. Riegler: If we have unused funds in landscaping could we expand landscaping services?

Staff: yes, we could look at different/expanded landscaping services throughout the district.

Guest Dennis Lohman (Northwestern Industrial Sales): What's the limit on building up reserves? In my experience if there's money sitting in an account it ends up being spent.

F. Peterson: This is the first year and it's tough to guess on what all budget items should be. Maybe a future policy could be that no less than 20% of funds be placed in reserved and not more than 40% be in reserves (this is just an example).

D. Pollock: After we have a year under our belt it will be a lot easier to answer this question. Then as the board we can make improvements as we move forward tightening things up. That will allow for conversations to be had regarding what to do with surpluses, if there is one.

G. Post: This goes to the heart of the responsibilities of what the BID is – promoting downtown – and being fair to the property owners in the downtown. Balance will be key.

D. Pollock: This is a fair starting point, but it's still an educated guess.

Guest Dennis Lohman: As a property owner my concern is, once the money is gone, what happens?

D. Pollock: I think that's what we're discussing here and determining the best way to handle reserve funds to ensure we cover what has to be covered.

Staff asked if the board was comfortable moving forward with the assessment recommendation without knowing if the \$50,000 seed money from the city would be available or not.

D. Pollock: These are two different things and the seed money just makes the budget simpler to enact, it shouldn't impact the decision for moving forward with the assessment.

b) Budget/Assessment Recommendation for 2016

F. Peterson motioned to accept the assessment and budget as amended with the spending notations on Art and Banners & Direction Signs line items.

B. Lindstrom supported the motion

Discussion:

B. Tarrant: I think we we're making things more complicated by doing two billings, based on Frank's comments. Maybe it would be better to do one billing.

J. Riegler: I believe the thinking here was it makes it easier for property owners by doing two bills.

G. Post: I'm not comfortable singling out the two line items as we did, is there a different way to approach this?

D. Pollock: Snow removal, for example, is something that needs to be done no matter what so we might not want to reduce that line item.

G. Post: We could take smaller amounts out of each of the items, other than snow removal, to come up with a better budget breakdown for reserves. But, I'm willing to go with what the board wants.

C. Taylor: Putting 10%, or about \$13,000 into reserves, is aiming high and likely it wouldn't come to needing that much in reserve. Also, with the seed money, we wouldn't need to have as high of reserves to start.

F. Peterson gave an example of what was done in Springfield when that BID was started where each member of the BID chipped in for the seed money, but that wouldn't really be an option here.

Staff suggested another alternative, starting the fiscal year in June so snow removal wouldn't happen until 2016-17 and after the assessment would have been collected.

D. Pollock: What if, with the exception of spring/fall clean up and snowplowing, we put in similar language to all budget line items so that just two budget line items aren't singled out? It could be a general note on the budget explanation just like the note on rolling unused funds into reserves.

F. Peterson & B. Lindstrom both accepted the proposed amendment to the resolution.

G. Post asked how the marketing dollars would be spent.

Staff responded that they would work up marking options based on board direction and that a subcommittee had been discussed to direct this as well. And that if the amended budget explanation were adopted the board would have final say before any marketing dollars were spent.

D. Pollock called for a vote on the recommended 2016 assessment and budget as amended:

Amendments are: with the exception of spring/fall cleanup & snowplowing line times, other line items cannot be spent until board approval is given. Unused funds from any line item are moved into reserve funds.

(As noted above)

Motion was made by: Frank Peterson
Support: Bruce Lindstrom

Vote - All voted in favor

Staff detailed next steps for the board: We'll communicate this to the City Clerk's office and start preparing for the public meetings. These will likely happen in mid/late September and October. Between the two public meetings the assessor's office will also weigh in and provide property owners with exact assessments in the second notification before the second public meeting.

6) New Business
None

7) Other Business
F. Peterson updated the BID board on the city's market rate housing project. A purchase agreement was signed this week for nine lots off of Huston Ave. This will give people more options to live downtown and shows the city's commitment to downtown and having folks living down here.

The city is working with local banks to find favorable terms for people to purchase these houses.

There's also a downtown phone app in the works that will allow users to navigate to downtown businesses, it will link to events with location and details. This could be a cool marketing product for the BID. The link for the beta test is mkgdt.com.

B. Lindstrom asked about development prospects in the downtown on the DMDC lots.

Staff: the DMDC will be sending out a formal RFP to developers by the end of August.

8) Adjournment
5:07 PM
No Objection