

**ADA TOWNSHIP
DOWNTOWN DEVELOPMENT AUTHORITY BOARD OF DIRECTORS
MINUTES OF THE FEBRUARY 16, 2015 SPECIAL MEETING**

The meeting was called to order at 8:00 A.M. by Chairperson Bob Kullgren, at the Ada Township office, 7330 Thornapple River Dr., Ada, MI.

BOARD MEMBERS PRESENT: George Haga, Bryan Harrison, Jim Ippel, Tom Korth, Bob Kullgren, Devin Norman, Walt VanderWulp

BOARD MEMBERS ABSENT: Terry Bowersox, Ted Wright

STAFF PRESENT: Jim Ferro, Planning Director

PUBLIC PRESENT: Betty Jo Crosby, Doug Kniff

APPROVAL OF AGENDA

The agenda was approved by consent.

DDA FINANCIAL REPORT, 01/31/15

Ferro stated financial activity during the month of January was limited to the following: labor cost for the portion of his time allocated to the DDA, some web site hosting-related costs, the Farmers' Market Manager's contract fee for December, and some basket sales revenue for the Farmers' Market that was from last summer. Ferro noted there has not yet been any tax increment revenue from the current tax payment season distributed to the DDA, but that this would be reflected in next month's report.

STATUS OF ENVISION ADA IMPLEMENTATION

Kullgren updated the Board regarding the status of the Phase 1 Headley St. project, noting that the process of developing and evaluating options for the project is not yet complete. He stated that options under consideration include terminating Headley St. at Ada Drive, as well as modification of the Headley St. extension alignment. Kullgren reported on email correspondence between Supervisor Haga and Doug Kniff, regarding the Township's request of Mr. Kniff to allow the Township's appraiser to conduct a site visit. Kullgren read Mr. Kniff's correspondence to Haga regarding Mr. Kniff's asking price for his property, and his view of the relationship of an appraisal to property acquisition negotiations. Kullgren stated that given the Township's limited financial resources, he is not optimistic regarding the likelihood of reaching an agreement on a purchase price; thus the need to examine other alternatives.

Haga noted that he has had two meetings with Mr. Kniff over the last few months, and the recent email correspondence with Mr. Kniff documents the current status of their discussions.

Kullgren also updated the Board regarding the process of refining the scope of the planned civic building, and evaluating its financial feasibility. Kullgren reported he has recruited Doug Honholt, who is recently retired from Universal Forest Products, to move this analysis forward. In addition, he noted that Ferro has prepared a process and schedule for obtaining public input regarding the scope of desired civic facilities in the Village.

REVIEW OF PROPOSED BUDGET FOR FISCAL YEAR 2015-16

Ferro reviewed the updated proposed budget for the DDA. He noted the following points:

1. DDA tax increment revenue is projected to increase from \$126,521 in the current fiscal year to \$158,256 in the coming year, a 25% increase.

- The budget includes revenue of \$338,759 from a potential 1.5 mill property tax levy within the DDA District, as proposed in the Envision Ada financing plan. He pointed out that implementation of the millage would require the adoption by the Township Board of an amendment to the 2008 ordinance that

established the DDA, including holding of a public hearing.

- Total tax revenues for the DDA from both tax increment revenues and a potential 1.5 mill levy are projected to be \$497,013.
- Proposed labor costs for the DDA are projected to increase due to an increase in the portion of the Planning Director's time allocated to the DDA from 15% to 25%.
- \$50,000 is budgeted for architectural design services for the planned Civic Building/Farmers' Market pavilion on the north side of Headley St. Ferro noted that this expenditure may be duplicated in the budget that Haga has prepared for the overall Envision Ada project, and that it may need to be removed from the DDA budget if this is the case.
- A \$255,000 expenditure is budgeted for payment of first year debt service on a Township bond issue to finance Envision Ada infrastructure improvements.
- \$9,000 in revenues and \$5,540 in expenses are budgeted for a Fall Festival event being planned by the Farmer's Market Manager, which would produce net positive income of \$3,460. Ferro stated that there would be no expenditures for the event until an event proposal, detailed budget and schedule are presented to the DDA Board for approval.

Following discussion, it was moved by Norman, seconded by Ippel, to approval the proposed DDA budget for Fiscal Year 2015-16. Motion passed unanimously.

PUBLIC COMMENT:

Doug Kniff, property owner at 518 Ada Drive, stated that the Envision Ada Plan that was developed is a great design, although he was surprised when he realized that the plan called for acquisition of his property for the proposed street extension. Mr. Kniff stated that his asking price of \$2.5 million for his property is based on its location. In support of the asking price, Kniff shared with the DDA Board a drawing of a development project on family-owned land that he was involved in where the value of the property was significantly enhanced from its prior valuation. Kniff stated he is willing to consider and give thought to the best offer the Township can make for his property.

Ippel asked Kniff whether his valuation was based on potential for development of a new building of a certain size on the property, and compared the value to the listing price for his property with a 10,000 square foot building. Ippel also asked whether Kniff would consider an offer that provided him with a new built-out location for his business.

Kniff stated his valuation was primarily based on the value of the location, and that he did not know whether a new business location would fit with his long-term business goals.

ADJOURNMENT:

It was moved by Norman, seconded by Harrison, to adjourn the meeting at 9:15 a.m. Motion passed unanimously.

Respectfully submitted:

Tom Korth, Secretary