

THE CHARTER TOWNSHIP OF OSHTEMO

MINUTES

South Drake Road Corridor Improvement Authority (SoDA) June 27, 2018

SoDA Board meeting was held at the Township Hall. The meeting was called to order by Chair Spurr at 12:04 p.m.

MEMBERS PRESENT:

Corey Ashley, Chair
Joe Gesmundo
Libby Heiny-Cogswell
Cheri Jodoin, Vice Chair
Dennis Patzer, Treasurer
Galen Rike
Dale Shugars
Theresa Spurr

MEMBERS ABSENT:

Kelly Bringman

Also present were Planning Director Julie Johnston and Public Works Technical Specialist Jamie Baker.

Election of Officers

Director Johnston started the meeting to assist with the election of 2018 Officers. She indicated that the normal procedure was to nominate a person for a position, receive affirmation from that person that they wish to hold office, and then make a motion to approve that person for that office. Director Johnston reviewed the current officers, which are Chair Spurr, Vice Chair Ashley, and Treasurer Patzer, and then asked for nominations.

Mr. Rike asked if Ms. Spurr wanted to continue as Chair. She indicated that she felt it was time for her to step down so another Board member could be Chair. A request was made to Mr. Ashley as Vice Chair if he would be willing to step up as chair. Mr. Ashley agreed. Mr. Gesmundo nominated Mr. Ashley as Chair. No other nominations were tendered. The motion was approved with a vote of 8 to 0, with one absent.

Mr. Gesmundo nominated Ms. Jodoin as Vice Chair. Mr. Patzer seconded the nomination. Ms. Jodoin accepted the nomination and no other nominations were tendered. The motion was approved with a vote of 8 to 0, with one absent.

Mr. Patzer indicated he was willing to continue as Treasurer. No other nominations were tendered. The motion was approved with a vote of 8 to 0, with one absent.

Minutes

Chair Ashley asked if there were any additions, deletions or corrections to the minutes of July 27, 2017. Hearing none, he asked for motion to approve the minutes.

Mr. Patzer made a motion to approve the minutes of July 27, 2017 as presented. Mr. Gesmundo seconded the motion. The motion was approved with a vote of 8 to 0, with one absent.

Public Comment

None.

Treasurer's Report

Chair Ashley asked for the Treasurer's report. Director Johnston indicated that a mistake was made to the Treasurer's report provided in the SoDA packet. The \$30,000 payment intended to be made to the Township in 2017 for the Drake Road Path did not actually occur. She indicated that the 2017 budgets are closed and there is no way to retroactively make that payment. So, the fund balance provided on the spreadsheet is incorrect, and the SoDA Board actually has a balance of \$75,677.

Mr. Patzer asked if the Board would then make two payments this year. Ms. Johnston indicated that she spoke with the Township Clerk and the best way to rectify this mistake is to request the SoDA Board make a budget amendment for 2018, increasing the payment to \$60,000, and then make one payment in 2018 to cover both 2017 and 2018. Ms. Johnston stated that the budget adjustment would need to go to the Township Board for approval. After that, a \$60,000 payment to the Township could be achieved. Ms. Johnston apologized to the Board that this did not get accomplished in 2017.

Ms. Heiny-Cogswell made a motion to amend the 2018 budget to include an additional \$30,000 from the fund balance to be applied to the Capital Outlay/Obligated Projects line item to increase the budget to \$60,000. Mr. Patzer seconded the motion. The motion was approved with a vote of 8 to 0, with one absent.

Drake Road Path Update

Jamie Baker from the Township's Public Works Department provided an update on the Drake Road Path.

He indicated that on June 7th MDOT approved the plans for the Drake Road Path from West Main Street south to Green Meadow Drive, which will allow the Township to bid the project. The project will be a 6-foot path on the west side of Drake Avenue from West Main to Driftwood and then from Driftwood to Green Meadow the path will change to 10 feet. This 10-foot path will eventually continue south down Drake Road to Stadium Drive. The project is intended to be funded in three phases;

- Phase I (Federal Safety Grant) – Michigan Ave to Green Meadow Ave.
- Phase II (Transportation Alternatives Program Grant) – Stadium to Michigan.

- Phase III (Transportation Alternatives Program Grant) – Green Meadow to West Main

The Township plans to go out to bid in July and hopefully select a contractor. Construction should begin in September and be completed in October. The Township is also planning to have a meeting with the residents after a contractor is selected and project timelines are set.

Mr. Baker continued by stating the Safety Grant portion of the project, Green Meadow to West Michigan, is currently on hold because of issues with Amtrak. Crossing the railroad will require Amtrak approval of the designs and unfortunately there is not a lot of clarity on how that will proceed. Mr. Baker indicated Amtrak has requested \$86,000 to review the plans. The Board was surprised by the amount requested. Ms. Heiny-Cogswell indicated the Township called all of our legislators to try and get help, but were unsuccessful. She also indicated MDOT worked hard on the Townships behalf but was also not able to reduce the costs.

Mr. Gesmundo asked if the \$86,000 was to also build the crossing and Mr. Baker clarified that the \$86,000 was just to review the design plans. Ms. Jodoin asked what would happen to the path if Amtrak did not approve the design. Mr. Baker stated that if Amtrak did not approve the design, they would likely provide an alternative design that could be approved. There has been speculation that they would redesign the crossing to place gates that have to be pushed to cross the high-speed tracks. It's possible part of the money is to pay for that redesign. But the Township has no timeline on when approvals will be received on either the current design or a redesign from Amtrak.

Mr. Baker went on to say that MDOT will not allow the Township to build the south portion of the path, West Michigan to Stadium Drive, until the Safety Grant portion is ready to go. So, everything south of Green Meadow Drive is on hold until the Amtrak issues can be resolved.

Ms. Heiny-Cogswell indicated the Township has been talking to Amtrak about this project for three years. When the Township was working on the design they were in the loop throughout the project. The fee request and possible redesign was a complete surprise.

Mr. Patzer asked how the City of Kalamazoo was able to get their crossing approved. Ms. Heiny-Cogswell said it has to do with property ownership. Mr. Baker indicated the City actually owns the track and Amtrak has less authority over any changes. On the Township side, Amtrak actually owns the track right-of-way.

Mr. Baker provided construction costs and grant summary information to the Board. He indicated it is approximately \$1.5 million for the construction of the path, which does not include other costs like design, construction oversight, easements, etc. Ms. Johnston indicated that she asked the Township Public Works Director to provide a "back of the envelop" summary of the total costs of the project. He believes it will come close to \$3 million and approximately \$1 million will come from grants.

Ms. Johnston went on to say that previously the Board asked for a memorandum of understanding between SoDA and the Township to outline repayment of the path overtime. A draft Memorandum of Understanding was provided to the Board for review.

The following tables was provided based on incremental increases in tax revenue based on new construction in the District:

Years	Payment Per Year	Total
2017 - 2021	\$30,000	\$150,000
2022 - 2026	\$35,000	\$175,000
2027 - 2031	\$40,000	\$200,000
2032 - 2036	\$45,000	\$225,000
2037 - 2043	\$50,000	\$350,000
TOTAL:		\$1,100,000

Ms. Spurr stated that based on this schedule, the project would get approximately \$1 million from grants and \$1.1 million from SoDA. She asked where the remaining \$900,000 was coming from. Ms. Heiny-Cogswell stated it would hopefully come from the Township.

Ms. Spurr wanted to clarify whether these costs would be passed on to the property owners. Mr. Baker stated that the Township is reviewing other ways to pay for sidewalks and paths other than an assessment to property owners.

Ms. Johnston indicated that she included in the Memorandum that if the SoDA made more in tax revenue, the SoDA could decide each year if they wanted to make a larger payment. Chair Ashley thought the Memorandum should provide flexibility to allow a larger or smaller payment. In addition, a change should be made from “the SoDA will” approve a larger amount to “may” approve a larger amount.

The Board had further discussion about why SoDA revenues are smaller than anticipated. It was outlined that the County’s policy changes related to improvement authorities reduced the amount of money the SoDA is able to collect. Older improvement authorities were able to capture more mills, while the current policy is two times what the local jurisdiction covers. That means 0.96 mills from the Township and 1.92 mills from the County.

The Board had further discussion about extending the SoDA Improvement Authority Plan and what that would require. Ms. Johnston discussed the steps for creating a new development and tax increment financing plan. Mr. Shugars indicated the County Board may be supportive of an extended time period for the plan. Ms. Heiny-Cogswell outlined that there are other projects in the area that could use SoDA support, so moving forward with an extension might make sense. Mr. Shugars suggested talking to County Administration. Mr. Patzer stated that this is good news and he is encouraged and would support extending the plan, when we get to that point in the current plan.

Mr. Gesmundo indicated that if the County Board was willing to change their policy to allow for greater tax capture, the SoDA Board might want to consider completing a new

plan under the new policy. Ms. Johnston stated that creating a new plan could be done, but we would lose the tax growth currently being captured from the new construction that's already happened in the district. The new tax increment financing plan would reset the base tax increment. Ms. Johnston indicated she would have to check the legislation to see if we can amend the plan without losing the current tax increment.

Mr. Patzer stated that if the plan would start over and we lose the new construction tax increment we have already realized, we should not restart the plan. Mr. Gesmundo thought maybe Southwest Michigan First, as an outside non-governmental partner, would be the best entity to work with the County on possibly changing their current policies. The Board decided that more research was needed.

The Board continued to discuss the Memorandum of Understanding for the Drake Road Path. Changes to the Memorandum were requested of staff to be reviewed at the next SoDA Board meeting.

2018 Draft Budget Discussion

Ms. Johnston gave a summary of the memo provided in the agenda packet and presented the proposed budget for 2019.

The taxes for 2018 have not yet been calculated for SoDA, so it is not known if the projected revenue total of \$33,300 planned for 2018 was reached. The taxes collected in 2017 were quite a bit less than anticipated so the 2018 budget was reduced from \$43,095 in 2017 to \$33,300 in 2018.

Based on past collections, a conservative total tax revenue collection of \$37,375 is recommended for the 2019 budget. With the small amount of interest earned on the fund balance, this equals a budget of \$37,575.

At the June 8, 2016 meeting, a motion was approved to support the maintenance/snow removal for the Drake Road Non-Motorized Path once it is built. The final two phases of the project may be completed in 2019, so the Board may want to consider the full path snow removal costs, with a small percentage increase to cover inflation from 2016. Staff is recommending \$7,500 be set aside for this budget item.

With the \$30,000 payment to the Township and an allocation for accounting and audit fees, a carryover from the fund balance of \$225 is needed for a total budget of \$37,800, as follows:

<u>Revenues</u>	
Carryover	\$225
Current Real Property Tax	\$37,375
Miscellaneous	\$0
Interest Earned	\$200
TOTAL ESTIMATED REVENUES	\$37,800

<u>Expenditures</u>	
Accounting & Audit Fees	\$300
Repairs/Maintenance	\$7,500
<i>Contracted snow plowing</i>	
Capital Outlay/Obligated Projects	\$30,000
<i>Payment #3 to Township for South Drake Path/Safety Grant Match</i>	
TOTAL APPROPRIATIONS	\$37,800

Chair Ashley asked if there was a motion to approve the 2019 draft budget. Ms. Spurr made a motion to approve. Ms. Jodoiu seconded the motion. The motion was approved with a vote of 8 to 0, with one absent.

Any Other Business

Director Johnston asked the Authority if they would like to set the next meeting to continue the review of the Memorandum of Understanding and to review any research completed on amending the SoDA development and tax increment financing plans. The Board set the meeting for Wednesday, September 26th at noon.

Mr. Shugars encouraged the Board to be creative with revenue generation, possibly allowing businesses to "sponsor" sections of the path.

There being no further business, the meeting was adjourned at approximately 1:07 p.m.

Minutes prepared:
September 18, 2018

Minutes approved:
September 26, 2018