



# City of Fenton

---

301 South Leroy Street • Fenton, Michigan 48430-2196 • (810) 629-2261 • FAX (810) 629-2004

---

**JOINT MEETING OF THE FENTON CITY COUNCIL AND DOWNTOWN DEVELOPMENT  
AUTHORITY AGENDA  
Thursday, January 24, 2013  
City Hall Council Chambers  
301 South LeRoy Street  
6:30 PM**

Call to Order.

Roll Call.

**CITIZEN'S COMMENTS:** IF YOU WISH TO ADDRESS ANY AGENDA ITEMS, PLEASE IDENTIFY YOURSELF AND YOU WILL BE CALLED ON WHEN THAT ITEM IS REACHED. COMMENTS ON ITEMS NOT ON THE AGENDA MAY BE MADE AT THE CALL TO THE AUDIENCE.

**PRESENTATION ON THE CORNERSTONE DEVELOPMENT AGREEMENT**

**A. QUIT CLAIM DEED FOR PROPERTY HELD BY THE CITY OF FENTON**

**Council Consideration** – Administration recommends that the Fenton City Council approve to quit claim deed the City's property located at parcel # 53-36-506-009, to the City of Fenton Downtown Development Authority.

**DDA Consideration** – Administration recommends that the Downtown Development Authority Board approve for the City of Fenton to quit claim City of Fenton property located at parcel # 53-36-506-009, to the Downtown Development Authority.

**B. BUDGET AMENDMENTS**

**DDA Consideration** – Administration recommends that the Downtown Development Authority Board approve various amendments to their budget in order to continue to assist with the development of the Cornerstone Project.

**Council Consideration** – Administration recommends that the Fenton City Council approve various amendments to the budget for the Downtown Development Authority in order to continue to assist in developing the Cornerstone Project.

**C. CORNERSTONE DEVELOPMENT AGREEMENT**

**DDA Consideration** – Administration recommends that the Downtown Development Authority Board approve the Cornerstone Development Agreement, as presented.

**Council Consideration** – Administration recommends that the Fenton City Council approve the Cornerstone Development Agreement, as presented.

**CALL TO THE AUDIENCE**

**ADJOURNMENT**

**IF ACCOMMODATIONS ARE NEEDED DUE TO A DISABILITY, PLEASE CONTACT THE CITY CLERK'S OFFICE.**

# FENTON CITY COUNCIL MEMORANDUM



**DATE:** January 23, 2013  
**TO:** Lynn H. Markland, City Manager  
**FROM:** Michael T. Burns, Assistant City Manager *MTB*  
**RE:** Cornerstone Development Agreement

Since summer 2010, the City and Downtown Development Authority have been working tirelessly to redevelop the property at the southeast corner of Silver Lake Road and LeRoy Street into a mixed use development. In early 2011, the City and DDA began partnering with Corlin Builders, who had taken interest in a possible investment to redevelop the site into what the City and DDA envisioned for this property in our Downtown Master Plan.

For the past 18 months, the DDA and Corlin Builders have been working on many tasks to move this project forward. This includes cleaning up numerous easements that were part of the 1970's Urban Renewal Project and working with the Michigan Economic Development Corporation to have the project considered for its Community Revitalization Program.

The work required to reach this point has been long and challenging, but we now have the outline of a final agreement that the DDA and City Administration and Corlin Builders can recommend in order for the project to move forward.

The development being proposed will require the following from the parties: Corlin Builders will develop the site into a four story, mixed use building at a total project cost of approximately \$4.7 million. This building will include restaurant and retail uses on the first floor with one and two bedroom apartment units on the remaining three floors. Corlin Builders will finance approximately \$2,200,000 for the project. They will also invest \$800,000 in equity for the project. As you are aware, Corlin Builders has also applied for funding through the Michigan Community Revitalization Program. The Program has tentatively agreed to award \$880,000 in funding for this project. One-half, \$440,000, will be a grant for the project with the additional \$440,000 in a low interest loan. This funding is still subject to approval from the Michigan Strategic Fund and would be reimbursed to Corlin after the Certificate of Occupancy is issued.

In order to receive funding from the State of Michigan, Corlin Builders must have ownership of the underlying parcel. The building will be constructed on two adjacent parcels of land, one of which is owned by the City (parking lot in front of Republic Bank) and the other by the DDA (Republic Bank parcel). To combine these parcels into one for conveyance to Corlin, the City will need to quit claim deed its property to the DDA.

An agreement will also be finalized between the DDA and Corlin Builders to confirm the DDA's contribution to this project and guarantee its completion. The agreement will identify the DDA's contributions to the project and to protect the DDA's interests, the Administration is proposing an initial ground lease agreement with Corlin during the construction phase of the project. The DDA will retain title to the underlying real estate through the ground lease until the project is complete. An initial rental of \$500 would be charged for an eighteen month lease, which should cover the construction phase of this project. After eighteen months, the lease payment would increase to a market rate, which we propose is \$25,000 per year for a 20 year term for the land. Once construction for the project is completed and a certificate of occupancy issued for the retail and apartments, ownership of the underlying parcel would transfer from the

DDA to Corlin Builders for \$1. The Administration believes that this approach protects the DDA during the construction phase of the project. If the project fails during the construction, it ensures that the DDA retains ownership of the property. This approach should also allow Corlin to use the land as collateral when seeking financing.

In addition, the proposed agreement between the parties will provide that the DDA provide the following assistance:

- The DDA will provide a grant of \$330,000 to Corlin to assist with their construction costs. \$240,000 of this grant will allow Corlin to make tenant improvements that will allow them to rent these units at a market rate for this type of development. The additional \$90,000 of this grant will assist Corlin with costs involved for the Construction Management of this project. This funding would be reimbursed to Corlin in the same manner that the funding from the State of Michigan is.
- The DDA will demolish the Republic Bank site. Cost for this is estimated at approximately \$20,000.
- The DDA will construct a municipal parking lot at the east end of the building (adjacent to Walnut). Cost for this is estimated at approximately \$175,000.
- The DDA will reimburse Corlin for the costs for the remaining architectural and engineering work necessary for this project. Those remaining costs are \$231,670. The DDA has already reimbursed \$100,515 as was previously approved.

The total outstanding investment by the DDA is approximately \$581,000.00 for this project. The grant provided will be the last funds in, however, the DDA's participation will not occur unless we see that the project is moving forward and on track. In addition, funding for architectural, engineering and building demolition will not be made by the DDA until Corlin has signed commitments for 60% of the first floor tenants and the City Administration has viewed and confirmed the leases. Nor will the 18 month period for the ground lease begin until this occurs.

In FY 13, there is \$600,117 remaining in the Cornerstone budget line item of \$700,000. The costs for the construction grant, building demolition and remaining architectural and engineering work can be funded with this line item of the budget.

The outstanding investment amount of \$581,000 listed above does include the proposed municipal parking lot for behind the Cornerstone Building. This does not include the costs for proposed Fenton Square municipal parking lot and the expansion to the parking lot at the Fenton Museum. If you recall, both the City Council and the DDA approved for planning specifications to be designed for the Fenton Square and Fenton Museum last summer. All three parking lots will be municipal parking lots open to the public. The estimate cost to construct all three parking lots is approximately \$352,000 (see the attached spread sheet for itemized parking lot cost).

The parking lots will be paid for from the \$300,000 in revenue that we did not re-appropriate for the redevelopment of the Old Fire Hall after terminating our agreement with the Michigan Brewing Company. In addition, at the end of FY 12, there was \$189,623 remaining in the Master Plan Implementation line item. An amendment will need to be made to appropriate these funds to a new line item for municipal parking lots.

I have attached the proposed development agreement, five spreadsheets of cost analysis that indicate current project expenditures to date, construction costs, additional DDA investment, annual return of investment, and an additional memorandum regarding the necessary budget amendments for this project.

**Based upon the above, I recommend that the City of Fenton join with the Downtown Development Authority to approve the quit claim deed transferring property from the City to the DDA, which is necessary for this project. In addition, I will be recommending that the DDA make the necessary budget amendments to the DDA Budget, and approve the agreement for the redevelopment of the southeast corner of Silver Lake Road and LeRoy Street as proposed.**

# Cornerstone expenditures as of January 22, 2013

## Cornerstone Expenditures

	<u>\$ Approved</u>	<u>\$ Total</u>	<u>\$ Spent</u>	<u>\$ Outstanding</u>
SAA Architects	\$ 76,334.00	\$ 285,750.00	\$ 76,334.00	\$ 209,416.00
OHM	\$ 16,000.00	\$ 36,000.00	\$ 14,400.00	\$ 21,600.00
SHA-Geotechnical	\$ 8,181.00	\$ 8,181.00	\$ 8,181.00	\$ -
Tenant Improvement		\$ 240,000.00	\$ -	\$ 240,000.00
Construction Mgmt Cost		\$ 90,000.00	\$ -	\$ 90,000.00
Demolition		\$ 20,000.00	\$ -	\$ 20,000.00
	<b>\$ 100,515.00</b>	<b>\$ 679,931.00</b>	<b>\$ 98,915.00</b>	<b>\$ 581,016.00</b>

## Revenue Available

<b>Available FY 13 Cornerstone budget available</b>	<b>\$ 600,117.00</b>
<b>Expenditures outstanding</b>	<b>\$ 581,016.00</b>
<b>Budgeted Rev - Outstanding Exp</b>	<b>\$ 19,101.00</b>

# Construction Costs

Total Construction Cost	\$	4,215,000.00
<b>DDA Grant</b>		
Tenant Improvements	\$	240,000.00
Construction Management Costs	\$	90,000.00
<b>DDA Construction Total Grant</b>	<b>\$</b>	<b>330,000.00</b>
State of Michigan Grant	\$	440,000.00
State of Michigan Loan	\$	440,000.00
Contribution by Corlin	\$	3,005,000.00
<b>Total Construction Contribution</b>	<b>\$</b>	<b>4,215,000.00</b>

# Additional DDA Investment for Downtown Development

Republic Bank Municipal Parking Lot	\$	175,000.00
Fenton Square Parking Lot	\$	142,213.00
Museum Parking Lot	\$	33,990.00
Architecture and Engineering	\$	329,931.00
Republic Bank Demolition	\$	20,000.00
<b>Sub Total</b>	<b>\$</b>	<b>701,134.00</b>
<b>Total Construction Grant</b>	<b>\$</b>	<b>330,000.00</b>
<b>Total DDA Investment</b>	<b>\$</b>	<b>1,031,134.00</b>

\*Parking Lot costs are based on estimates provided by OHM

# Funding Sources

Construction Loan	\$	2,162,650.00
Corlin Equity	\$	800,000.00
MEDC Grant Contribution	\$	440,000.00
MEDC Low Interest Loan	\$	440,000.00
<b>*DDA Investment and Grant*</b>	\$	854,931.00
Total Project Cost	\$	4,697,581.00

**\*NOTE\***

Excluded are costs associated with the proposed Fenton Square Municipal Parking Lot and Museum Municipal Parking Lot Expansion



# Annual Return on Investment

Fenton DDA	\$	51,247.24
Fenton Area Public Schools	\$	55,629.64
GISD	\$	7,775.02
State Educational Trust	\$	13,200.00
<b>Total ROI</b>	<b>\$</b>	<b>127,851.90</b>

# FENTON CITY COUNCIL MEMORANDUM



**DATE:** January 23, 2013  
**TO:** Lynn H. Markland, City Manager  
**FROM:** Michael T. Burns, Assistant City Manager *MB*  
**RE:** Cornerstone Quit Claim Deeds

To move forward with the development of the Cornerstone Building, some changes in ownership are needed for the affected parcels that are owned by the City of Fenton and the City of Fenton Downtown Development Authority. As you are aware, the Michigan Economic Development Corporation has tentatively awarded Corlin Builders \$880,000 in grants and loans for the project (subject to approval by the Michigan Strategic Fund). In order to receive this funding, Corlin Builders has to gain ownership of the affected property.

To protect the Downtown Development Authority's interest in this property during the construction of the building, a ground lease is being proposed with Corlin Builders during the construction of the project. This will allow Corlin to seek financing during this phase of the project by using the property as collateral, meanwhile the DDA would still have ownership of the property. Once a Certificate of Occupancy is issued by the City and Cornerstone can become a fully functional mixed-use development, the ground lease will transfer into a full ownership of the property to Corlin Builders.

The proposed building will be built on parcels owned by the City of Fenton and the City of Fenton Downtown Development Authority. The City owns the current municipal parking lot west of the Republic Bank building and parcel adjacent to the southeast corner of Silver Lake Road and LeRoy Street. The DDA owns the Republic Bank building and a trapezoid area surrounding the site (see attached parcel map). The proposed building footprint will be on both parcels in question.

The new building will require that a new legal description is established. This requires the DDA and City property to be consolidated. Administration recommends that City parking lot west of the Republic Bank Parcel become transferred from the City of Fenton to the City of Fenton Downtown Development Authority by means of a quit claim deed. Once this transfer occurs, a proper legal description can be established for the proposed building and the Downtown Development Authority can begin the necessary steps to establish the proposed ground lease and future land transaction to Corlin Builders.

I have attached the proposed Quit Claim Deed transferring the affected parcel from the City to the Downtown Development Authority and a parcel map showing all affected parcels. A new legal description for the proposed building is also attached.

**I recommend that the City of Fenton quit claim deed the property where the current municipal parking lot lies west, of the Republic Bank, to the Downtown Development Authority and move forward with Cornerstone Project Development. I also recommend that the Downtown Development Authority accept the parcel in question, via quit claim deed, and move forward with the proposed development.**

## QUIT CLAIM DEED

This Quit Claim Deed is executed this \_\_\_ day of \_\_\_\_\_, 2013, by the first party, the City of Fenton, a Michigan municipal corporation with its principal address at 301 S. LeRoy Street, Fenton, Michigan ("Grantor"), and delivered to the second party, the City of Fenton Downtown Development Authority, a Michigan municipal entity, whose principal address is 301 S. LeRoy Street, Fenton, Michigan ("Grantee"), for the real property described below (the "Premises") in the City of Fenton, County of Genesee, Michigan.

The Grantor, for good and valuable consideration and for the sum of One Dollar (\$1.00) paid by the Grantee, the receipt whereof is hereby acknowledged, does hereby remise, release, and quitclaim unto the Grantee forever, all the right, title, interest and claim, which the Grantor has in and to the following described parcel of land, and improvements and appurtenances thereto in the County of Genesee, State of Michigan to wit:

PART OF PARCEL 53-36-506-009: Part of Lots 3, 4 and 5, Block 3 of the ORIGINAL PLAT OF THE VILLAGE OF FENTONVILLE (now the City of Fenton), according to the plat thereof as recorded in Liber 1 of Plats, Page 8, Genesee County Records, described as follows: Commencing at the Southwest Corner of said Lot 5; thence East along the South Line of said Lot 5 a distance of 19.00 feet; thence North parallel with the East Line of LeRoy Street, 20.00 feet to the point of beginning; thence North parallel with the East Line of LeRoy Street, 128.41 feet; thence N 45° E 19.21 feet; thence East 31.42 feet; thence South parallel with the East Line of LeRoy Street, 139.00 feet; thence East 27.00 feet; thence South parallel with the East Line of LeRoy Street, 21.00 feet; thence East 72.00 feet to the point of beginning.

subject to any easements and building and use restrictions of record and the lien of taxes not yet due and payable.

GRANTOR

The City of Fenton

Dated: \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

State of Michigan )  
County of Genesee )

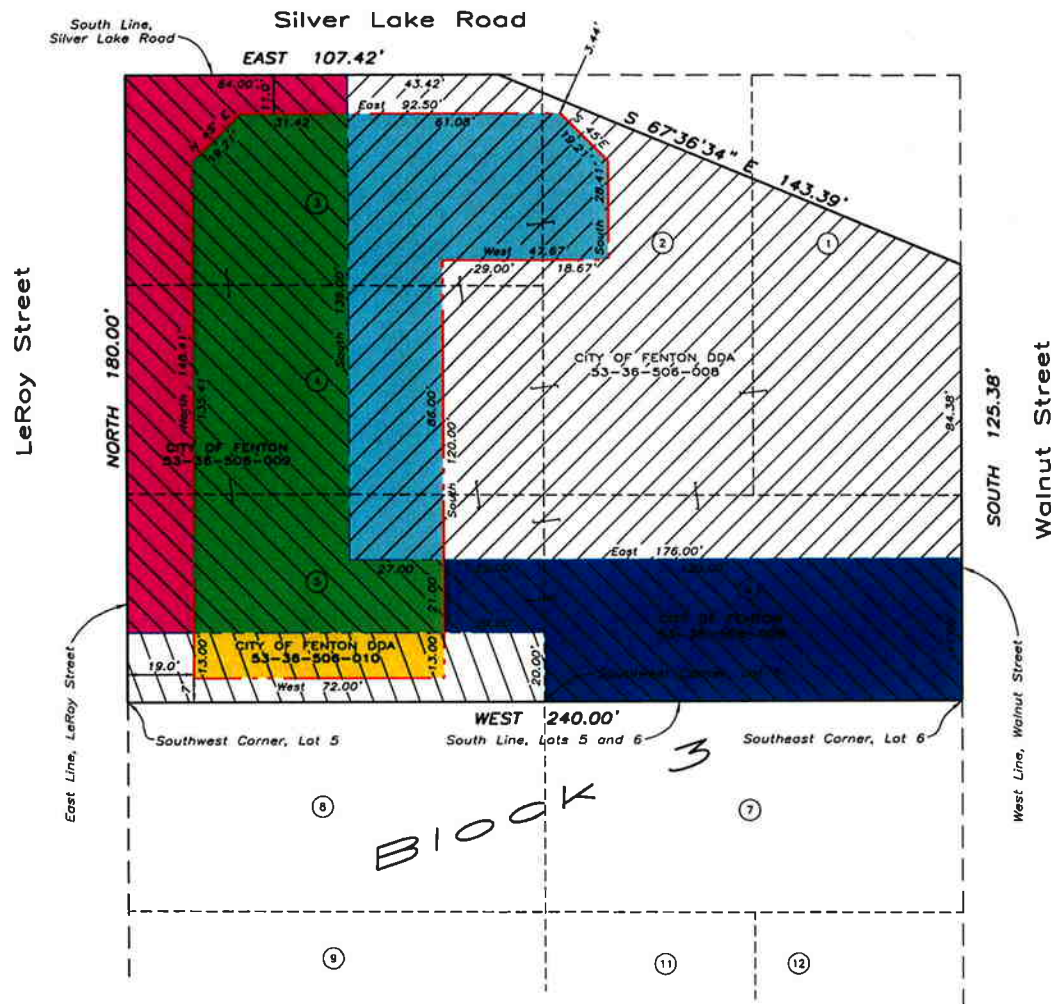
On this \_\_\_\_ day of \_\_\_\_\_, 2013, before me personally appeared \_\_\_\_\_, and \_\_\_\_\_, to me known to be the persons described in and who executed the foregoing instrument and acknowledged that they executed the same as their free act and deed.

WITNESS my hand and official seal.

\_\_\_\_\_  
Signature of Notary

Drafted by and when recorded return to:  
Matthew C. Wyman (P72529)  
Fahey Schultz Burzych Rhodes PLC  
4151 Okemos Road  
Okemos, Michigan 48864  
(517) 381-0100

**CITY OF FENTON  
DOWNTOWN DEVELOPMENT AUTHORITY  
301 S. LE ROY STREET FENTON, MICHIGAN 48430**



**PART OF PARCEL 53-36-506-008 (DDA Parcel, Former Republic Bank) TO BECOME PART OF THE CORNERSTONE BUILDING PARCEL**  
Part of Lots 2, 3, 4 and 5, Block 3 of the ORIGINAL PLAT OF THE VILLAGE OF FENTONVILLE, (now the City of Fenton), according to the plat thereof as recorded in Liber 1 of Plats, Page 8, Genesee County Records, described as follows: Commencing at the Southwest Corner of said Lot 5; thence East along the South Line of said Lot 5 a distance of 91.00 feet; thence North parallel with the East Line of LeRoy Street, 41.00 feet to the point of beginning; thence West 27.00 feet; thence North 128.00 feet; thence East 61.08 feet; thence S 45° E 19.21 feet; thence South parallel with the East Line of LeRoy Street, 28.41 feet; thence West 47.67 feet; thence South parallel with the East Line of LeRoy Street, 66.00 feet to the point of beginning. The area described contains 5365.7 square feet (0.12 acres) and is subject to any easements, restrictions and/or rights of way which may or may not be of public record.

**PART OF PARCEL 53-36-506-009 (City of Fenton Parcel) TO BECOME PART OF THE CORNERSTONE BUILDING PARCEL**  
Part of Lots 3, 4 and 5, Block 3 of the ORIGINAL PLAT OF THE VILLAGE OF FENTONVILLE, (now the City of Fenton), according to the plat thereof as recorded in Liber 1 of Plats, Page 8, Genesee County Records, described as follows: Commencing at the Southwest Corner of said Lot 5; thence East along the South Line of said Lot 5 a distance of 19.00 feet; thence North parallel with the East Line of LeRoy Street, 20.00 feet to the point of beginning; thence North parallel with the East Line of LeRoy Street, 128.41 feet; thence N 45° E 19.21 feet; thence East 31.42 feet; thence South parallel with the East Line of LeRoy Street, 139.00 feet; thence East 27.00 feet; thence South parallel with the East Line of LeRoy Street, 21.00 feet; thence East 72.00 feet to the point of beginning. The area described contains 7179.7 square feet (0.16 acres).

**PART OF PARCEL 53-36-506-010 (DDA Parcel) TO BECOME PART OF THE CORNERSTONE BUILDING PARCEL**  
The East 72.00 feet of the West 91.00 feet of the North 13.00 feet of Lot 5, Block 3 of the ORIGINAL PLAT OF THE VILLAGE OF FENTONVILLE, (now the City of Fenton), according to the plat thereof as recorded in Liber 1 of Plats, Page 8, Genesee County Records. The area described contains 936.0 square feet (0.02 acres).

**PART OF PARCEL 53-36-506-009 (City of Fenton Parcel) TO BECOME PART OF THE DDA PARCEL**  
Part of Lots 5 and 6, Block 3 of the ORIGINAL PLAT OF THE VILLAGE OF FENTONVILLE, (now the City of Fenton), according to the plat thereof as recorded in Liber 1 of Plats, Page 8, Genesee County Records, described as follows: Beginning at the Southwest Corner of said Lot 6; thence North 20.00 feet; thence West 29.00 feet; thence North 21.00 feet; thence East 149.00 feet to the West Line of Walnut Street; thence South along said West Line, 41.00 feet to the South Line of said Lot 6; thence West, 120.00 feet to the point of beginning.

**Also, part of Lots 3, 4 and 5, Block 3 of the ORIGINAL PLAT OF THE VILLAGE OF FENTONVILLE, (now the City of Fenton), according to the plat thereof as recorded in Liber 1 of Plats, Page 8, Genesee County Records, described as follows:**  
Commencing at the Southwest Corner of said Lot 5; thence North along the East Line of LeRoy Street, 20.00 feet to the point of beginning; thence continuing North along the East Line of LeRoy Street, 160.00 feet to the South Line of Silver Lake Road; thence East along said South Line, 64.00 feet; thence South 11.00 feet; thence West 31.42 feet; thence S 45° W 19.21 feet; thence South 160.00 feet; thence West 19.00 feet to the point of beginning. The area described contains 9156.1 square feet (0.21 acres).

**DDA PARCEL AFTER ACQUIRING CITY OF FENTON PARCEL AND RELEASE OF CORNERSTONE BUILDING PARCEL**  
Part of Lots 1, 2, 3, 4 and 5, and all of Lot 6, Block 3 of the ORIGINAL PLAT OF THE VILLAGE OF FENTONVILLE, (now the City of Fenton), according to the plat thereof as recorded in Liber 1 of Plats, Page 8, Genesee County Records, described as follows: Beginning at the Northwest Corner of said Block 3, said point being the intersection of the South Line of Silver Lake Road and the East Line of LeRoy Street, as platted; thence East along the North Line of said Block 3 and South Line of Silver Lake Road, 107.42 feet; thence S 67°36'34" E 145.39 feet to the East Line of said Block 3 (being the West Line of Walnut Street); thence South along the East Line of said Block 3 and West Line of Walnut Street, 125.38 feet to the Southeast Corner of said Lot 6; thence West along the South Line of said Lots 5 and 6 a distance of 240.00 feet to the West Line of said Block 3 (being the East Line of LeRoy Street); thence North along said West Line and East Line of LeRoy Street, 180.00 feet to the point of beginning. EXCEPT: Part of Lots 2, 3, 4 and 5, Block 3 of the ORIGINAL PLAT OF THE VILLAGE OF FENTONVILLE, (now the City of Fenton), according to the plat thereof as recorded in Liber 1 of Plats, Page 8, Genesee County Records, described as follows: Commencing at the Southwest Corner of said Lot 5; thence East along the South Line of said Lot 5 a distance of 19.00 feet; thence North parallel with the East Line of LeRoy Street, 7.00 feet to the point of beginning; thence continuing North parallel with the East Line of LeRoy Street, 148.41 feet; thence N 45° E 19.21 feet; thence East 92.50 feet; thence S 45° E 19.21 feet; thence South parallel with the East Line of LeRoy Street, 28.41 feet; thence West 47.67 feet; thence South parallel with the East Line of LeRoy Street, 120.00 feet; thence West 72.00 feet to the point of beginning. The area described contains 13481.4 square feet (0.31 acres).

**CORNERSTONE BUILDING PARCEL AFTER ACQUISITIONS**  
Part of Lots 2, 3, 4 and 5, Block 3 of the ORIGINAL PLAT OF THE VILLAGE OF FENTONVILLE, (now the City of Fenton), according to the plat thereof as recorded in Liber 1 of Plats, Page 8, Genesee County Records, described as follows: Commencing at the Southwest Corner of said Lot 5; thence East along the South Line of said Lot 5 a distance of 19.00 feet; thence North parallel with the East Line of LeRoy Street, 7.00 feet to the point of beginning; thence continuing North parallel with the East Line of LeRoy Street, 148.41 feet; thence N 45° E 19.21 feet; thence East 92.50 feet; thence S 45° E 19.21 feet; thence South parallel with the East Line of LeRoy Street, 28.41 feet; thence West 47.67 feet; thence South parallel with the East Line of LeRoy Street, 120.00 feet; thence West 72.00 feet to the point of beginning. The area described contains 13481.4 square feet (0.31 acres) and is subject to any easements, restrictions and/or rights of way which may or may not be of public record.

- EXISTING CITY OF FENTON PARCEL 53-36-506-090
- EXISTING DDA PARCEL 53-36-506-008
- EXISTING DDA PARCEL 53-36-506-010



Scale: 1"=40'

DATE 01-05-2013 SUPERVISOR B.R.Sholtz  
FIELD no DRAWN BY B.R.Sholtz  
FILE S:\COP\DDA\LeRoyCornerBldgD1  
© Copyright 2013 SHEET 1 OF 1

THE ORIGINAL PRODUCTION OF THIS DOCUMENT IS IN THE ELECTRONIC FILES OF FIELD TO FINISH. A REPRODUCIBLE DOCUMENT ON VELLUM, MYLAR OR OTHER MEDIUM IS ALSO STORED IN THE COMPANY FILES. ALL FILES ARE THE EXCLUSIVE PROPERTY OF FIELD TO FINISH. ALL PARTIES WHO USE OR RELY UPON ANY SUBSEQUENT REPRODUCTIONS AGREE THAT FIELD TO FINISH SHALL NOT BE RESPONSIBLE OR LIABLE FOR ANY SUBSEQUENT ALTERATIONS, ADDITIONS OR DELETIONS THERE TO.

**Field To Finish, Inc.**  
Land Surveying Civil Engineering Site Planning  
12258 Fenton Road Fenton, Michigan 48430  
Phone 810 629 6560 or 810 632 9304  
Fax 810 629 6563 or 810 632 9308  
[www.FieldToFinish.com](http://www.FieldToFinish.com)

**FENTON CITY COUNCIL  
MEMORANDUM**



**DATE:** January 23, 2013  
**TO:** Lynn H. Markland, City Manager  
**FROM:** Michael T. Burns, Assistant City Manager *MTB*  
**RE:** Cornerstone Budget Amendments

The FY 13 budget needs to be amended in order to move forward on the Cornerstone project. Since we are halfway through the fiscal year, it is necessary to make a number of budget amendments that would need to be made at some point this fiscal year. In working with the City Treasurer on this year's budget, amendments need to be made to the budget for revenues, debt service and expenditures.

Our revenue forecast has changed from what was initially projected last April. The DDA and City Council approved the Fiscal Year 13 budget with the DDA capturing \$1,640,078 in revenue and \$630,306 in restricted revenue to cover the potential chargebacks due to tax appeals with the Michigan Tax Tribunal. In November, the Treasurer learned that the revenue captured would change from \$1,640,078 to \$1,597,828. The revenue that would need to be restricted for chargebacks would also need to be revised from \$630,306 to \$525,336. These changes would actually bring an addition of approximately \$63,000 in unappropriated revenue to the DDA Fund.

The DDA also needs to revise our debt service payment schedule. In FY 13, the DDA budgeted \$30,000 in payments to the lease purchase agreement for the new Police Dispatch Equipment in a budget line item. The City Treasurer has informed me that those payments need to be reflected in our debt service not as a budget line item. I have revised the budget to remove this expense from a line item and placed it in the debt service category. The Debt Service payment for FY13 for the Police Dispatch Equipment will be \$29,724.50.

I am requesting the following amendments from the expenditure portion of the budget:

- Amend the Rental Property line item from \$5,000 to \$10,000. The DDA has spent \$7,805 this year in this line item due to property taxes that were assessed to the DDA for 132 S. LeRoy and the Old Fire Hall. The Fire Hall property tax was assessed to the DDA after the approval of the FY 13 budget due to the termination of our agreement with the Michigan Brewing Company.
- Reduce the line item for the Old Fire Hall from \$400,000 to \$105,000
- Create a line item for the Downtown Parking Lot improvements and budget \$355,000 for the proposed construction of the Municipal Parking Lot east of the Cornerstone building, the Fenton Square Municipal Parking Lot and the expansion of the Museum Parking Lot. These projects would be funded by the \$300,000 in revenue that we did not need to appropriate for the redevelopment of the Old Fire Hall along with the \$189,000 that remained in the FY 12 Master Plan Implementation line item of the DDA Budget.
- Amend the line item for the Community Center Restoration from \$100,000 to \$250,000 as this includes the \$150,000 that remained for this project in the FY 12 budget.

I have attached a revised FY13 budget and five year budget projection that reflects all of the requested amendments (all proposed amendments are in bold italics). These amendments will need to be approved by both the DDA and City Council.

**I am recommending that the DDA make the necessary budget amendments as requested.**

# Amended 2013 budget as of 01/22/2013

	2012 Amended	2012 Actual	2013 Approved	2013 Actual	2013 Amend
<b>Tax Revenue</b>	\$ 1,877,433	\$ 1,901,881	\$ 1,640,078	\$ 1,328,602	\$ 1,597,828
Revenue Sharing	\$ (400,000)	\$ (400,000)	\$ (350,000)	\$ (350,000)	\$ (350,000)
Lease on Old Firehall	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1
Sale of Property					
Interest	\$ 10,000	\$ 6,907	\$ 10,000	\$ 2,234	\$ 10,000
Bond Proceeds for Const Eng			\$ 432,000		
<b>Bond Proceeds for Dispatch</b>				\$ 260,000	\$ 260,000
<b>Restricted Revenue</b>			\$ (630,306)	\$ -	\$ (525,336)
<b>Total Revenue</b>	\$ 1,487,434	\$ 1,508,789	\$ 1,101,773	\$ 1,240,837	\$ 992,493
<b>Debt Payments</b>					
<b>Principal</b>	\$ 310,000	\$ 310,000	\$ 360,000	\$ -	\$ 386,000
<b>Interest</b>	\$ 181,147	\$ 229,116	\$ 110,250	\$ 55,155	\$ 113,974
<b>Total Payments</b>	\$ 491,147	\$ 539,116	\$ 470,250	\$ 55,155	\$ 499,974
<b>Excess Revenue</b>	\$ 996,287	\$ 969,673	\$ 631,523	\$ 1,185,682	\$ 492,519
<b>Beginning Fund Balance</b>	\$ 2,335,288	\$ 2,335,289	\$ 1,930,001	\$ 1,930,001	\$ 1,930,001
<b>Available Funds</b>	\$ 3,331,575	\$ 3,304,962	\$ 2,561,524	\$ 3,115,683	\$ 2,422,520

<b>Operating Expenses</b>	<b>2012 Amended</b>	<b>2012 Actual</b>	<b>2013 Approved</b>	<b>2013 Actual</b>	<b>2013 Amend</b>
Salaries	\$ 53,000	\$ 48,543	\$ 54,060	\$ 29,038	\$ 54,060
Emp Fringes	\$ 18,000	\$ 16,714	\$ 18,600	\$ 5,484	\$ 18,600
Professional Services	\$ 20,000	\$ 8,067	\$ 15,000	\$ 7,861	\$ 15,000
Marketing	\$ 142,600	\$ 124,544	\$ 78,200	\$ 21,206	\$ 78,200
Event Marketing	\$ 59,400	\$ 58,517	\$ 60,000	\$ 42,578	\$ 60,000
Appraisals	\$ 40,000	\$ 8,000	\$ 20,000	\$ -	\$ 20,000
Legal Fees	\$ 30,000	\$ 25,043	\$ 30,000	\$ 8,613	\$ 30,000
Insurance	\$ 15,082	\$ 15,000	\$ 15,000	\$ 14,000	\$ 14,000
<b>Rental Property</b>	\$ 15,000	\$ 279	\$ 5,000	\$ 7,805	\$ 10,000
Street Lights	\$ 5,000	\$ 1,309	\$ 8,000	\$ 1,722	\$ 8,000
River Street Utilities	\$ 8,000	\$ 2,184	\$ 5,000	\$ 1,244	\$ 5,000
Striping	\$ 5,000	\$ -	\$ 3,000	\$ -	\$ 3,000
Landscaping Maint.	\$ 3,000	\$ 18,956	\$ 16,000	\$ 7,481	\$ 16,000
Lawn Care	\$ 16,000	\$ 7,201	\$ 8,000	\$ 5,380	\$ 8,000
Streetscape Maintenance	\$ 7,200	\$ 9,191	\$ 15,000	\$ 3,594	\$ 15,000
Old Fire Hall Utilities	\$ 15,000	\$ 2,610	\$ 3,000	\$ 1,639	\$ 3,000
Old Fire Hall Maintenance	\$ -	\$ -	\$ -		
Conference and Dues	\$ 2,500	\$ 2,014	\$ 2,000	\$ 1,026	\$ 2,000
Website	\$ 4,500	\$ 4,848	\$ 3,000	\$ 1,250	\$ 3,000
Miscellaneous	\$ 7,500	\$ 8,105	\$ 7,500	\$ 732	\$ 7,500
<b>Total Operating</b>	<b>\$ 466,782</b>	<b>\$ 361,124</b>	<b>\$ 366,360</b>	<b>\$ 160,653</b>	<b>\$ 370,360</b>



<b>Projects</b>	<b>2012 Amended</b>	<b>2012 Actual</b>	<b>2013 Approved</b>	<b>2013 Actual</b>	<b>2013 Amend</b>
Master Plan Implementations	\$ 500,000	\$ 310,376			
<b>Cornerstone</b>			\$ 700,000	\$ 102,884	\$ 700,000
<b>Old Fire Hall</b>		\$ -	\$ 400,000	\$ 4,964	\$ 105,000
Wayfinding	\$ 105,000	\$ 102,310		\$ -	
Façade Improvement Program	\$ 74,000	\$ 74,000		\$ -	
River St Parking Improv	\$ 6,584	\$ 1,000		\$ -	
<b>Silver Pkwy Improvements*</b>	\$ 288,000	\$ 7,424	\$ -	\$ 1,050	\$ 1,050
Streetscape	\$ -	\$ 155,983	\$ 323,350	\$ 159,902	\$ 323,350
Police Dispatch	\$ 40,000	\$ 259,591	\$ 30,000	\$ 17,003	\$ -
<b>Downtown Parking Lots</b>					\$ 355,000
Walnut Street	\$ 64,000	\$ 51,814		\$ -	
<b>Community Center Restoration</b>	\$ 200,000	\$ 49,987	\$ 100,000	\$ 931	\$ 250,000
Silver Parkway Design Engineering		\$ 1,352		\$ -	
Holiday Decorations			\$ 5,000	\$ 1,955	\$ 5,000
Sculpture rental			\$ 7,200		\$ 9,100
<b>Total Projects</b>	\$ 1,277,584	\$ 1,013,837	\$ 1,565,550	\$ 288,689	\$ 1,748,500
<b>Total Expenses</b>	\$ 1,744,366	\$ 1,374,961	\$ 1,931,910	\$ 449,342	\$ 2,118,860
<b>Ending Fund Balance</b>	\$ 1,587,209	\$ 1,930,001	\$ 629,614	\$ 2,666,341	\$ 303,660

# Amended 5 year budget as of 01/22/2013

	2012 Actual	2013 Approved	2013 Actual	2013 Amend	2014	2015	2016	2017
<b>Tax Revenue</b>	\$ 1,901,881	\$ 1,640,078	\$ 1,328,602	\$ 1,597,828	\$ 1,613,806	\$ 1,418,876	\$ 1,433,065	\$ 1,447,396
Revenue Sharing	\$ (400,000)	\$ (350,000)	\$ (350,000)	\$ (350,000)	\$ (350,000)	\$ (350,000)	\$ (350,000)	\$ (350,000)
Lease on Old Firehall	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1
Sale of Property								
Interest	\$ 6,907	\$ 10,000	\$ 2,234	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Bond Proceeds for Const Eng		\$ 432,000			\$ 432,000			
<b>Bond Proceeds for Dispatch</b>			\$ 260,000	\$ 260,000				
<b>Restricted Revenue</b>		\$ (630,306)	\$ -	\$ (525,336)				
<b>Total Revenue</b>	\$ 1,508,789	\$ 1,101,773	\$ 1,240,837	\$ 992,493	\$ 1,705,807	\$ 1,078,877	\$ 1,093,066	\$ 1,107,397
<b>Debt Payments</b>								
<b>Principal</b>	\$ 310,000	\$ 360,000	\$ -	\$ 386,000	\$ 446,000	\$ 621,000	\$ 621,000	\$ 621,000
<b>Interest</b>	\$ 229,116	\$ 110,250	\$ 55,155	\$ 113,974	\$ 128,974	\$ 178,974	\$ 178,974	\$ 178,974
<b>Total Payments</b>	\$ 539,116	\$ 470,250	\$ 55,155	\$ 499,974	\$ 574,974	\$ 799,974	\$ 799,974	\$ 799,974
<b>Excess Revenue</b>	\$ 969,673	\$ 631,523	\$ 1,185,682	\$ 492,519	\$ 1,130,833	\$ 278,903	\$ 293,092	\$ 307,423
<b>Beginning Fund Balance</b>	\$ 2,335,289	\$ 1,930,001	\$ 1,930,001	\$ 1,930,001	\$ 366,660	\$ 867,402	\$ 766,037	\$ 676,567
<b>Available Funds</b>	\$ 3,304,962	\$ 2,561,524	\$ 3,115,683	\$ 2,422,520	\$ 1,497,493	\$ 1,146,306	\$ 1,059,129	\$ 983,990

<b>Operating Expenses</b>	<b>2012 Actual</b>	<b>2013 Approved</b>	<b>2013 Actual</b>	<b>2013 Amend</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Salaries	\$ 48,543	\$ 54,060	\$ 29,038	\$ 54,060	\$ 55,141	\$ 56,795	\$ 58,499	\$ 60,254
Emp Fringes	\$ 16,714	\$ 18,600	\$ 5,484	\$ 18,600	\$ 19,100	\$ 19,673	\$ 20,263	\$ 20,871
Professional Services	\$ 8,067	\$ 15,000	\$ 7,861	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000
Marketing	\$ 124,544	\$ 78,200	\$ 21,206	\$ 78,200	\$ 58,200	\$ 58,200	\$ 58,200	\$ 58,200
Event Marketing	\$ 58,517	\$ 60,000	\$ 42,578	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000
Appraisals	\$ 8,000	\$ 20,000	\$ -	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
Legal Fees	\$ 25,043	\$ 30,000	\$ 8,613	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000
Insurance	\$ 15,000	\$ 15,000	\$ 14,000	\$ 14,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000
<b>Rental Property</b>	<b>\$ 279</b>	<b>\$ 5,000</b>	<b>\$ 7,805</b>	<b>\$ 10,000</b>	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
Street Lights	\$ 1,309	\$ 8,000	\$ 1,722	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000
River Street Utilities	\$ 2,184	\$ 5,000	\$ 1,244	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
Striping	\$ -	\$ 3,000	\$ -	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000
Landscaping Maint.	\$ 18,956	\$ 16,000	\$ 7,481	\$ 16,000	\$ 16,000	\$ 32,000	\$ 32,000	\$ 32,000
Lawn Care	\$ 7,201	\$ 8,000	\$ 5,380	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000
Streetscape Maintenance	\$ 9,191	\$ 15,000	\$ 3,594	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000
Old Fire Hall Utilities	\$ 2,610	\$ 3,000	\$ 1,639	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000
Old Fire Hall Maintenance	\$ -	\$ -			\$ -	\$ -	\$ -	\$ -
Conference and Dues	\$ 2,014	\$ 2,000	\$ 1,026	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000
Website	\$ 4,848	\$ 3,000	\$ 1,250	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000
Miscellaneous	\$ 8,105	\$ 7,500	\$ 732	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500
<b>Total Operating</b>	<b>\$ 361,124</b>	<b>\$ 366,360</b>	<b>\$ 160,653</b>	<b>\$ 370,360</b>	<b>\$ 347,941</b>	<b>\$ 366,168</b>	<b>\$ 368,462</b>	<b>\$ 370,825</b>

<b>Projects</b>	<b>2012 Actual</b>	<b>2013 Approved</b>	<b>2013 Actual</b>	<b>2013 Amend</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Master Plan Implementations	\$ 310,376							
<b>Cornerstone</b>		\$ 700,000	\$ 102,884	\$ 700,000				
<b>Old Fire Hall</b>	\$ -	\$ 400,000	\$ 4,964	\$ 105,000	\$ -			
Wayfinding	\$ 102,310		\$ -					
Façade Improvement Program	\$ 74,000		\$ -					
River St Parking Improv	\$ 1,000		\$ -					
Silver Pkwy Improvements*	\$ 7,424	\$ -	\$ 1,050	\$ 1,050	\$ -			
Streetscape	\$ 155,983	\$ 323,350	\$ 159,902	\$ 323,350	\$ 268,050			
Police Dispatch	\$ 259,591	\$ 30,000	\$ 17,003	\$ -				
<b>Downtown Parking Lots</b>				\$ 355,000				
Walnut Street	\$ 51,814		\$ -					
<b>Community Center Restoration</b>	\$ 49,987	\$ 100,000	\$ 931	\$ 250,000				
Silver Parkway Design Engineering	\$ 1,352		\$ -					
Holiday Decorations		\$ 5,000	\$ 1,955	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
Sculpture rental		\$ 7,200		\$ 9,100	\$ 9,100	\$ 9,100	\$ 9,100	\$ 9,100
<b>Total Projects</b>	<b>\$ 1,013,837</b>	<b>\$ 1,565,550</b>	<b>\$ 288,689</b>	<b>\$ 1,748,500</b>	<b>\$ 282,150</b>	<b>\$ 14,100</b>	<b>\$ 14,100</b>	<b>\$ 14,100</b>
<b>Total Expenses</b>	<b>\$ 1,374,961</b>	<b>\$ 1,931,910</b>	<b>\$ 449,342</b>	<b>\$ 2,118,860</b>	<b>\$ 630,091</b>	<b>\$ 380,268</b>	<b>\$ 382,562</b>	<b>\$ 384,925</b>
<b>Ending Fund Balance</b>	<b>\$ 1,930,001</b>	<b>\$ 629,614</b>	<b>\$ 2,666,341</b>	<b>\$ 303,660</b>	<b>\$ 867,402</b>	<b>\$ 766,037</b>	<b>\$ 676,567</b>	<b>\$ 599,065</b>