

Downtown Development Authority

Special Meeting Agenda

Wednesday, October 12, 2016
Noon, Council Chambers



City of South Haven

MISSION STATEMENT: The Downtown Development Authority (DDA) is to be a leader in helping to fulfill the City of South Haven Municipal Plan; through planning, funding, and development of projects within the DDA District which promote, encourage and contribute to the overall economic growth and development of the community.

1. Call to Order
2. Roll Call
3. Approval of Agenda
4. Interested Citizens in the Audience Will be Heard on Items Not on the Agenda
5. DDA will be asked to consider a proposal by Prein&Newhof in the amount of not-to-exceed \$30,000 for Center Street Improvement Phase 1: Existing Conditions Survey.
6. DDA will be asked to consider adoption of Resolution #2016-01: A Resolution to Approve DDA Financing Contract.
7. DDA will be asked to consider support of the Planning Commission's recommendations regarding residential downtown parking.
8. General Comments
9. Adjourn

RESPECTFULLY SUBMITTED,

Deb Davidson
DDA Director

South Haven City Hall is Barrier-free and the City of South Haven will provide the necessary reasonable auxiliary aids and services for persons with disabilities, such as signers for the hearing impaired and audio tapes of printed materials being considered at the meeting to individuals with disabilities at the meeting upon seven (7) days notice to the South Haven City Clerk. Individuals with disabilities requiring services should contact the City Clerk by writing or calling South Haven City Hall at (269) 637-0700.

Downtown Development Authority

Agenda Item 5

DDA will be asked to consider a proposal by Prein&Newhof in the amount of not-to-exceed \$30,000 for Center Street Improvement Phase 1: Existing Conditions Survey.

DDA will be asked to consider a proposal by Prein & Newhof for an existing conditions survey for the proposed Center Street Improvements project.

Background:

In early 2016, the DDA Board reviewed and gave comment regarding the conceptual drawings of the proposed Center Street Improvements project. At that time, City staff explained to the board that although a grant announcement had not been made by MEDC, having plans in place was beneficial to application once a grant was announced. The Phoenix Street Improvement project was partially funded by a \$750,000 MEDC DIG (Downtown Improvement Grant). It is hoped that the same can happen for Center Street.

In an effort to have plan documents in place for future engineering and construction, city staff asked Prein&Newhof to submit a proposal for an existing conditions survey for Phase 1 of the Center Street improvements. Phase 1 is Center Street from Phoenix St to Williams; the second phase will be Center Street from Phoenix to Michigan.

Prein&Newhof staff have submitted a proposal for scope of services for an existing conditions survey including environmental site research, building inspections, utility locating, ground penetrating radar scanning, site surveying, and soil borings in the not-to-exceed price of \$30,000. They anticipate two to three months to complete the work.

Recommendation:

City staff recommends that the DDA Board approve the proposal from Prein & Newhof in the amount of not-to-exceed \$30,000 for Center Street Improvement Project Phase 1: Existing Conditions Survey.

Support Documents:

Prein&Newhof proposal

RESPECTFULLY SUBMITTED,

Deb Davidson
DDA Director

August 10, 2016

Mr. Brian Dissette
City of South Haven
539 Phoenix Street
South Haven, Michigan 49090

RE: Center Street Improvement Phase 1
Existing Conditions Survey

Dear Mr. Dissette:

Thank you for inviting Prein&Newhof to submit this proposal for an existing conditions survey for Phase 1 of the Center Street Improvements project. We have outlined a work plan which we believe will provide a solid foundation of existing conditions information for the project which can be used for engineering and construction at a later time.

Project Understanding

We understand this first phase of the project will include Center Street from Phoenix to Williams at this time, while the second phase of Center Street (from Phoenix to Michigan) will be planned for the future. The project will in many ways mirror the Phoenix Street Improvements project, including the extent of construction work, project design, project delivery method, and seasonal construction scheduling.

Scope of Services

Our scope of services for this existing conditions survey will include environmental site research, building inspections, utility locating, ground penetrating radar scanning, site surveying, and soil borings as follows:

Environmental Site Research

This will include background research of available public records to identify former land uses which might give reason to suspect underground storage tanks or known soil/groundwater contamination which could affect the project. We have included up to two days for reviewing MDEQ files.

We have not included any soil or groundwater sampling or laboratory testing of material. If we encounter reasons to suspect site contamination, we will review our findings with the City to develop a project approach.

Mr. Brian Dissette
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Building Inspections

Documenting the utility lines and basement wall conditions from inside the buildings can be a valuable planning tool for a downtown project. We propose to make an interior observation of available buildings, including a log of visible utility lines and photographs of the building wall. This will not be a structural analysis of buildings, but simply an observation of the general construction conditions in order to begin planning for nearby excavation work.

To keep this work effort efficient and cost effective for the City, we will need to mutually plan for scheduled days to perform multiple inspections. We will rely on the City to inform building owners and businesses ahead of time to ensure access to the buildings on the planned schedule. We have included two days for performing these inspections. Any property owners who do not wish to provide access can be omitted, but they should be encouraged to participate in order to make the eventual construction process as smooth as possible for them.

Utility Tracing

This will include tracing and marking with paint the route of underground utility lines using electromagnetic locating instruments, similar to what the City and private utility owners use when responding to Miss Dig requests. This work will need to be concurrent with the building inspections in order to locate where utilities enter the basements. This service will be performed by our utility locating subcontractor in coordination with our staff and the project surveyor.

Ground Penetrating Radar Scanning

Ground penetrating radar technology will be used to scan the right of way in search of possible underground storage tanks or structures. If the scanner shows indication such items, their approximate locations will be marked with paint and located on the site survey.

Site Surveying

This will include a topographic survey of the site resulting in a base drawing of existing site conditions which can later be used for engineering and construction drawings. The survey will include field measurements of the site within the full right of way (from building face to building face). This will include doors, steps, sidewalk joints, trees, trash cans, benches, light poles, underground utilities, traffic signs and pavement markings. This service will be performed by Midwest Civil Engineers working as a sub-consultant to Prein&Newhof.

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Soil Borings

This will include the drilling of three soil borings 15 feet deep to obtain a preliminary understanding of soil conditions likely to be encountered in the project. The pavement will be cored to determine the composition of the existing pavement materials. We will determine the approximate boring locations upon review of the site survey to minimize the risk of conflicts with underground utilities. The City and all private utility owners will still be responsible for marking utility locations under the Miss Dig system prior to drilling.

We will aim to locate these borings within the parking areas on Center Street to allow the movement traffic while drilling is underway. This will require that we close a number of parking spaces to allow safe working area for the drilling operation. The final location of each boring will be field adjusted based on the constraints of underground utilities, tree canopies, and traffic. We assume these borings can be located within parking areas and have therefore not included any traffic control flagging or arrow boards. These can be provided for an additional cost of needed.

The test borings will be performed by our drilling subcontractor, under the full time supervision of an engineer with our firm, who will observe and classify the encountered subsurface conditions. Within each boring we will obtain samples at regular depth intervals by the Standard Penetration Test method. At the completion of drilling, we will backfill the borings with excavated soil and patch the top three feet of the borehole with concrete in an effort to minimize the risk of settlement. Excess soil which cannot be returned to borehole will be cleaned up and delivered to a nearby City owned property of your choosing.

Schedule

We anticipate two to three months to complete the work upon your direction to proceed. Fall is the ideal timeframe for this work, after the busy summertime activity and before the winter weather. If authorized to proceed in August, the basement inspections, utility locating, ground penetrating radar scanning, and surveying field work would be scheduled for September and October, with soil borings to follow in November.

Fees for Services

We propose to perform these services at our normal hourly rates plus expenses billed monthly with the total not-to-exceed price of \$30,000. Should additional services be requested by the City or be required by conditions encountered, we will contact you and obtain your authorization prior to performing such services.

We have enclosed our standard terms and conditions for your review. If you are in agreement, please sign where indicated below and return to us one copy of this signed proposal as authorization to proceed. If you have any questions or concerns please feel free to contact us and we will be happy to further discuss.

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Again, thank you for the opportunity provide the proposal. We look forward to working together with you in the continuing development of downtown South Haven.

Sincerely,

Prein&Newhof



Mark R. Prein, P.E.
Team Leader



Steve Oosting, P.E.
Senior Engineer

APPROVED BY:

Date: _____

Terms & Conditions

- A. General** - As used in this Prein&Newhof Standard Terms and Conditions for Professional Services (hereinafter “Terms and Conditions”), unless the context otherwise indicates: the term “Agreement” means the Professional Services Agreement inclusive of all documents incorporated by reference including but not limited to this P&N Standard Terms and Conditions for Professional Services; the term “Engineer” refers to Prein & Newhof, Inc.; and the term “Client” refers to the other party to the Professional Services Agreement.

These Terms and Conditions shall be governed in all respects by the laws of the United States of America and by the laws of the State of Michigan.

- B. Standard of Care** - The standard of care for all professional and related services performed or furnished by Engineer under the Agreement will be the care and skill ordinarily used by members of Engineer’s profession of ordinary learning, judgment or skill practicing under the same or similar circumstances in the same or similar community, at the time the services are provided.
- C. Disclaimer of Warranties** - Engineer makes no warranties, expressed or implied, under the Agreement or otherwise.
- D. Construction/Field Observation** - If Client elects to have Engineer provide construction/field observation, client understands that construction/field observation is conducted to reduce, not eliminate the risk of problems arising during construction, and that provision of the service does not create a warranty or guarantee of any type. In all cases, the contractors, subcontractors, and/or any other persons performing any of the construction work, shall retain responsibility for the quality and completeness of the construction work and for adhering to the plans, specifications and other contract documents.
- E. Construction Means and Methods** - Engineer shall not have control or charge of and shall not be responsible for construction means, methods, techniques, sequences, or procedures, or for any safety precautions and programs in connection with the construction work, for the acts or omissions of the Contractor, Subcontractors, or any other persons performing any of the construction work, or for the failure of any of them to carry out the construction work in accordance with the plans, specifications or other contract documents.
- F. Opinions of Probable Costs** – Client acknowledges that Engineer has no control over market or contracting conditions and that Engineer’s opinions of costs are based on experience, judgment, and information available at a specific period of time. Client agrees that Engineer makes no guarantees or warranties, express or implied, that costs will not vary from such opinions.
- G. Client Responsibilities**
1. Client shall provide all criteria, Client Standards, and full information as to the requirements necessary for Engineer to provide the professional services. Client shall designate in writing a person with authority to act on Client’s behalf on all matters related to the Engineer’s services. Client shall assume all responsibility for interpretation of contract documents and construction observation/field observation during times when Engineer has not been contracted to provide such services and shall waive any and all claims against Engineer that may be connected thereto.
 2. In the event the project site is not owned by the Client, the Client must obtain all necessary permission for Engineer to enter and conduct investigations on the project site. It is assumed that the Client possesses all necessary permits and licenses required for conducting the scope of services. Access negotiations may be performed at additional costs. Engineer will take reasonable precaution to minimize damage to land and structures with field equipment. Client assumes responsibility for all costs associated with protection and restoration of project site to conditions existing prior to Engineer’s performance of services.

H. Hazardous or Contaminated Materials/Conditions

1. Client will advise Engineer, in writing and prior to the commencement of its services, of all known or suspected Hazardous or Contaminated Materials/Conditions present at the site.
2. Engineer and Client agree that the discovery of unknown or unconfirmed Hazardous or Contaminated Materials/Conditions constitutes a changed condition that may require Engineer to renegotiate the scope of or terminate its services. Engineer and Client also agree that the discovery of said Materials/Conditions may make it necessary for Engineer to take immediate measures to protect health, safety, and welfare of those performing Engineer’s services. Client agrees to compensate Engineer for any costs incident to the discovery of said Materials/Conditions.
3. Client acknowledges that Engineer cannot guarantee that contaminants do not exist at a project site. Similarly, a site which is in fact unaffected by contaminants at the time of Engineer’s surface or subsurface exploration may later, due to natural phenomena or human intervention, become contaminated. The Client waives any claim against

Engineer, and agrees to defend, indemnify and hold Engineer harmless from any claims or liability for injury or loss in the event that Engineer does not detect the presence of contaminants through techniques commonly employed.

4. The Client recognizes that although Engineer is required by the nature of the services to have an understanding of the laws pertaining to environmental issues, Engineer cannot offer legal advice to the Client. Engineer urges that the Client seek legal assistance from a qualified attorney when such assistance is required. Furthermore, the Client is cautioned to not construe or assume that any representations made by Engineer in written or conversational settings constitute a legal representation of environmental law or practice.
5. Unless otherwise agreed to in writing, the scope of services does not include the analysis, characterization or disposal of wastes generated during investigation procedures. Should such wastes be generated during this investigation, the Client will contract directly with a qualified waste hauler and disposal facility.

I. Underground Utilities – To the extent that the Engineer, in performing its services, may impact underground utilities, Engineer shall make a reasonable effort to contact the owners of identified underground utilities that may be affected by the services for which Engineer has been contracted, including contacting the appropriate underground utility locating entities and reviewing utility drawings provided by others. Engineer will take reasonable precautions to avoid damage or injury to **underground** utilities and other underground structures. Client agrees to hold Engineer harmless for any damages to below ground utilities and structures not brought to Engineers attention and/or accurately shown or described on documents provided to Engineer.

J. Insurance

1. Engineer will maintain insurance for professional liability, general liability, worker's compensation, auto liability, and property damage in the amounts deemed appropriate by Engineer. Client will maintain insurance for general liability, worker's compensation, auto liability, and property damage in the amounts deemed appropriate by Client. Upon request, Client and Engineer shall each deliver certificates of insurance to the other evidencing their coverages.
2. Client shall require Contractors to purchase and maintain commercial general liability insurance and other insurance as specified in project contract documents. Client shall cause Engineer, Engineer's consultants, employees, and agents to be listed as additional insureds with respect to any Client or Contractor insurances related to projects for which Engineer provides services. Client agrees and must have Contractors agree to have their insurers endorse these policies to reflect that, in the event of payment of any loss or damages, subrogation rights under these Terms and Conditions are hereby waived by the insurer with respect to claims against Engineer.

K. Limitation of Liability - The total liability, in the aggregate, of Engineer and Engineer's officers, directors, partners, employees, agents, and consultants, whether jointly, severally or individually, to Client and anyone claiming by, through, or under Client, for any and all injuries, losses, damages and expenses, whatsoever, arising out of, resulting from, or in any way related to the Project or the Agreement, including but not limited to the performance of services under the Agreement, from any cause or causes whatsoever, including but not limited to the negligence, professional errors or omissions, strict liability or breach of contract or warranty, expressed or implied, of Engineer or Engineer's officers, directors, partners, employees, agents, consultants, or any of them, shall not exceed the amount of the compensation paid to Engineer under this Agreement, or the sum of fifty thousand dollars and no cents (\$50,000.00), whichever is less. Recoverable damages shall be limited to those that are direct damages. Engineer shall not be responsible for or held liable for special, indirect or consequential losses or damages, including but not limited to loss of use of equipment or facility, and loss of profits or revenue.

Client acknowledges that Engineer is a corporation and agrees that any claim made by Client arising out of any act or omission of any director, officer, or employee of Engineer, in the execution or performance of the Agreement, shall be made against Engineer and not against such director, officer, or employee.

L. Documents and Data

1. All documents prepared or furnished by Engineer under the Agreement are Engineer's instruments of service, and are and shall remain the property of Engineer and the Client. By accepting ownership of the documents, the Client releases Engineer from any liability for any interpretations or conclusions made by the Client. Any designs, drawings, or specifications prepared by Engineer are for use on the project only and the Client shall not assume that such designs, drawings, or specifications may be appropriate or safe for use on other projects or sites.
2. Hard copies of any documents provided by Engineer shall control over documents furnished in electronic format. Client recognizes that data provided in electronic format can be corrupted or modified by the Client or others, unintentionally or otherwise. Consequently, the use of any data, conclusions or information obtained or derived from electronic media provided by Engineer will be at the Client's sole risk and without any liability, risk or legal

exposure to Engineer, its employees, officers or consultants.

3. Any extrapolations, conclusions or assumptions derived by the Client or others from the data provided to the Client, either in hard copy or electronic format, will be at the Client's sole risk and full legal responsibility.

- M. Differing Site Conditions** - Client recognizes that actual site conditions may vary from the assumed site conditions or test locations used by Engineer as the basis of its design. Consequently, Engineer does not guarantee or warrant that actual site conditions will not vary from those used as the basis of Engineer's design, interpretations and recommendations. Engineer is not responsible for any costs or delays attributable to differing site conditions. .
- N. Terms of Payment** - Unless alternate terms are included in the Agreement, Client will be invoiced on a monthly basis until the completion of the **Project**. All monthly invoices are payable within 30 days of the date of the invoice. Should full payment of any invoice not be received within 30 days, the amount due shall bear a service charge of 1.5 percent per month or 18 percent per year plus the cost of collection, including reasonable attorney's fees. If Client has any objections to any invoice submitted by Engineer, Client must so advise Engineer in writing within fourteen (14) days of receipt of the invoice. Unless otherwise agreed, Engineer shall invoice Client based on hourly billing rates and direct costs current at the time of service performance. Outside costs such as, but not limited to, equipment, meals, lodging, fees, and subconsultants shall be actual costs plus 10 percent. In addition to any other remedies Engineer may have, Engineer shall have the absolute right to cease performing any services in the event payment has not been made on a current basis.
- O. Termination** - Either party may terminate services, either in part or in whole, by providing 10 calendar days written notice thereof to the other party. In such an event, Client shall pay Engineer for all services performed prior to receipt of such notice of **termination**, including reimbursable expenses, and for any shut-down costs incurred. Shut-down costs may, at Engineer's discretion, include expenses incurred for completion of analysis and records necessary to document Engineer's files and to protect its professional reputation.
- P. Severability and Waiver of Provisions** - Any provision or part of the Agreement held to be void or unenforceable under any laws or regulations shall be deemed stricken, and all remaining provisions shall continue to be valid and binding upon Client and P&N, who agree that the Agreement shall be reformed to replace such stricken provision or part thereof with a valid and enforceable **provision** that comes as close as possible to expressing the intention of the stricken provision. Non-enforcement of any provision by either party shall not constitute a waiver of that provision, nor shall it affect the enforceability of that provision or of the remainder of the Agreement.
- Q. Dispute Resolution** - If a dispute arises between the parties relating to the Agreement, the parties agree to use the following procedure prior to either party pursuing other available remedies:
1. Prior to commencing a lawsuit, the parties must attempt mediation to resolve any dispute. The parties will jointly appoint a mutually acceptable person not affiliated with either of the parties to act as mediator. If the parties are unable to agree on the mediator within twenty (20) calendar days, they shall seek assistance in such regard from the Circuit Court of the State and County wherein the Project is located, who shall appoint a mediator. Each party shall be responsible for paying all costs and expenses incurred by it, but shall split equally the fees and expenses of the mediator. The mediation shall proceed in accordance with the procedures established by the mediator.
 2. The parties shall pursue mediation in good faith and in a timely manner. In the event the mediation does not result in resolution of the dispute within thirty (30) calendar days, then, upon seven (7) calendar days' written notice to the other party, either party may pursue any other available remedy.
 3. In the event of any litigation arising from the Agreement, including without limitation any action to enforce or interpret any terms or conditions or performance of services under the Agreement, Engineer and Client agree that such action will be brought in the District or Circuit Court for the County of Kent, State of Michigan (or, if the federal courts have exclusive jurisdiction over the subject matter of the dispute, in the U.S. District Court for the Western District of Michigan), and the parties hereby submit to the exclusive jurisdiction of said court.
- R. Force Majeure** - Engineer shall not be liable for any loss or damage due to failure or delay in rendering any services called for under the Agreement resulting from any cause beyond Engineer's reasonable control.
- S. Assignment** - Neither party shall assign its rights, interests or obligations under this Agreement without the express written consent of the other party.
- T. Modification** - The Agreement may not be modified except in writing signed by the party against whom a modification is sought to be enforced.
- U. Survival** - All express representations, indemnifications, or limitations of liability included in the Agreement shall survive its completion or termination for any reason.

V. Third-Party Beneficiary – Client and Engineer agree that it is not intended that any provision of this Agreement establishes a third party beneficiary giving or allowing any claim or right of action whatsoever by a third party.

Downtown Development Authority

Agenda Item 6

**DDA will be asked to consider adoption of Resolution #2016-01:
A Resolution to Approve DDA Financing Contract.**

The Downtown Development Authority (DDA) will be asked to consider authorizing a \$50,000 annual contribution for 25 years for proposed improvements in the DDA District.

Background Information:

Capital improvements to the city's sewer/water system have begun this fall. These improvements and correlating costs will substantially benefit businesses and residents in the DDA District.

The following is provided to outline the current estimated costs associated with the City's upcoming Sewer/WWTP Improvements. Currently, six major projects have been approved for improvements to the City's infrastructure, including the sewage collection system, wastewater treatment facility, lift stations, storm sewers, roads, watermains, and electrical system. All of the proposed improvements should positively impact the City's ability to grow the tax base. The locations of the projects and total estimated project costs are as follows:

1. Monroe Blvd/Indian Grove LS & Forcemain	\$2,913,426
2. Main LS/ WWTP	\$6,935,575
3. North Shore Drive	\$4,451,531
4. Dunkley/Black River Street	\$6,772,500
5. Kalamazoo St.- Phase 4	<u>\$1,058,842</u>
	\$22,131,874

The construction work that will benefit the DDA includes: Black River Street (\$2,242,274.33) and Dunkley Avenue (\$4,047,372.50). The work within those streets includes roadway reconstruction, sewer main replacement, partial water main replacement, and storm sewer replacement – all improvement activities that DDA has funded in the past.

The total project costs are expected to be financed through numerous sources including:

State Revolving Funds	\$13.29M, 2 3/4 % over 30 years
Capital Improvement Bonds	\$4.3M for sewer/water/road work
SAW Grant (Design)	\$582,977
MTF Bonds/Road Funds	\$2.5M
Electrical Department Funds	\$522,000
Building Authority/Parks Funds	\$1.5M

The DDA is being requested to fund \$50,000 for a period of 25 years, which totals \$1,250,000.00. This is 19.9% of the total costs noted above.

At their September 19th meeting, the LDFA committed to \$100,000 annually for the life of the loan. With DDA's financial contribution, a benefit will be seen to the overall community to try to control the increase in water/sewer costs.

The DDA will benefit from the projects through improvements to the District and improved opportunities for development. Considering DDA's objective to fund capital projects, approval of the request for an annual financial contribution seems appropriate.

Staff Recommendation:

The DDA should consider adoption of Resolution #2016-01 which authorizes financing contributions for proposed sewer/water improvements on Black River Street and Dunkley Avenue in the DDA District.

Support Documents

Resolution #2016-01: To Approve DDA Financing Contract
DDA Financing Contract
DDA Multi-year Projections Spreadsheet
DDA Capital Projects 2016-17

RESPECTFULLY SUBMITTED,

Deb Davidson
DDA Director

**DOWNTOWN DEVELOPMENT AUTHORITY
OF THE CITY OF SOUTH HAVEN
(Van Buren and Allegan Counties, Michigan)**

Resolution #2016-01

RESOLUTION TO APPROVE DDA FINANCING CONTRACT

Minutes of a regular meeting of the Board of the Downtown Development Authority of the City of South Haven, Van Buren and Allegan Counties, Michigan, held in the City Hall, 539 Phoenix Street, South Haven, Michigan, on October 5, 2016, at 12:00 noon, local time.

PRESENT: _____

ABSENT: _____

The following resolution was offered by Member _____ and supported by Member _____:

WHEREAS, the City Council of the City of South Haven (the "City") has established and created the Downtown Development Authority of the City of South Haven (the "DDA") pursuant to Act 197, Public Acts of Michigan, 1975, as amended; and

WHEREAS, the DDA is requesting that the City issue general obligation limited tax bonds and revenue bonds (the "Bonds") to pay for a portion of the costs to purchase, acquire, and construct certain street and utility improvements in the City, which comprise projects in the DDA's Development Plan and Tax Increment Financing Plan; and

WHEREAS, the DDA agrees to contribute to a portion of the debt service on the Bonds.

NOW, THEREFORE, BE IT HEREBY RESOLVED as follows:

1. The DDA Financing Contract (the "Contract") is approved in substantially the form submitted herewith, with such changes as the officers of the DDA signing the Contract shall approve, and the Chairperson and the Secretary of the DDA are hereby authorized and directed to sign the Contract.

2. The DDA shall include in its budget each year the amount necessary to make all payments required to be made by the Contract during such year, when and as the same shall become due. The DDA hereby pledges and agrees to pay the City each year the amounts due under the Contract.

3. The DDA hereby acknowledges that the City will issue the Bonds in reliance upon the agreement and promise of the DDA to pay to the City the amounts due under the Contract.

4. All resolutions or parts of resolutions in conflict herewith shall be, and the same are, hereby rescinded to the extent of the conflict.

YEAS: _____

NAYS: _____

ABSTAIN: _____

RESOLUTION DECLARED ADOPTED.

_____, Secretary
Downtown Development Authority of the
City of South Haven

CERTIFICATION

I, _____, hereby certify that the foregoing is a true and complete copy of a resolution adopted by the Board of the Downtown Development Authority of the City of South Haven at a meeting held on October 5, 2016, and that public notice of said meeting was given pursuant to and in compliance with Act 267, Public Acts of Michigan, 1976, as amended, including, in the case of a special or rescheduled meeting, notice by publication or posting at least eighteen (18) hours prior to the time set for the meeting.

_____, Secretary
Downtown Development Authority of the
City of South Haven

Date: October 5, 2016

DDA FINANCING CONTRACT

THIS DDA FINANCING CONTRACT (the “Contract”), made and entered into as of October 5, 2016, by and between the City of South Haven, a Michigan municipal corporation, the principal business address of which is 539 Phoenix Street, South Haven, Michigan 49090 (the “City”), and the Downtown Development Authority of the City of South Haven, a public body corporate organized and existing pursuant to Act 197, Public Acts of Michigan, 1975, as amended (the “Act”), the principal business address of which is 539 Phoenix Street, South Haven, Michigan 49090 (the “DDA”).

RECITALS

A. The Act authorizes the City and the DDA to adopt and implement a development plan and tax increment financing plan in order to plan and implement public improvements in a development area designated in the plan.

B. A Development Plan and Tax Increment Financing Plan was approved by the adoption of an ordinance enacted by the City Council on December 19, 1998, which has been amended by multiple amendments from the Year 2000 Amendment to the Year 2013 Amendment (the “Plan”).

C. The Plan designates a development area (the “Development Area”) and lists a number of proposed improvements.

D. Pursuant to the Plan the DDA captures tax increment revenues and receives replacement revenues for captured personal property tax revenues that have been lost due to personal property tax exemptions enacted by the State of Michigan (together, the “Tax Increment Revenues”) generated by properties located in the Development Area.

E. Projects in the Plan include the Water Supply System Improvements Project, the Storm and Sanitary Sewer System Improvements Project of the General Street Repair Project, which includes improving the sanitary sewer system, the storm sewer system, the water supply system, and streets in the Development Area.

F. The DDA has decided to undertake a project in conjunction with the City to implement a portion of the projects listed above by designing, acquiring, and constructing water

supply, storm sewer, sanitary sewer, and street improvements on and adjacent to Dunkley Avenue in the Development Area with an estimated total cost of \$4,047,372.50 and water supply, storm sewer, sanitary sewer, and street improvements on and adjacent to Black River Street in the Development Area with an estimated total cost of \$ 2,242,274.33 (all together the “Project”).

G. The Plan authorizes projects to be financed by the issuance of bonds by either the DDA or the City.

H. The DDA has requested that the City issue bonds to finance the costs of the Project.

I. The City has published a notice of intent and adopted a bond resolution for the issuance of its Sanitary Sewer System Junior Lien Revenue Bonds, Series 2016 and its General Obligation Limited Tax and Refunding Bonds, Series 2016 (together, the “Bonds”) for financing the costs to purchase, acquire and construct various capital improvements in the City, including, but not limited to, components of the Project.

J. The City and the DDA intend to enter into an agreement that a portion of the proceeds of the Bonds will be used to fund the Project and that the DDA will periodically pay to the City such amounts from Tax Increment Revenues as are necessary to pay the debt service on the bonds and any costs associated therewith when due.

AGREEMENT

The City and the DDA agree as follows:

1. The DDA approves the financing of the Project by the Issuance of the Bonds.
2. The DDA determines that the useful life of the Project as not less than 25 years and the estimate of cost of the Project of \$6,289,646.83.
3. The City agrees that, if the Bonds are issued, a portion of the proceeds of the Bonds shall be used to fund the costs of the Project.
4. The DDA hereby pledges and agrees to pay the City each year from the Tax Increment Revenues it receives the amount of \$50,000 as contribution to the debt service on the Bonds so long as the Bonds or bonds issued to refund the Bonds remain outstanding.

5. In the event the Tax Increment Revenues in any given year are insufficient to pay the amounts required to be paid by this Contract, and the City elects to pay such sums from its own funds, the DDA shall reimburse the City in whole, together with interest, for such payments from any Tax Increment Revenues later collected that exceed current debt service payments. Delinquent payments shall be paid from such excess Tax Increment Revenues as soon as the same are received.

6. The DDA hereby acknowledges that the City will issue the Bonds in reliance upon this Contract and promise of the DDA to pay to the City from the Tax Increment Revenues the amounts necessary to pay the principal of and interest of the Bonds.

7. This is the entire agreement between the parties and it supersedes and replaces all prior agreements between the parties regarding its subject matter. It may not be modified except in writing, signed by both parties. It shall not be affected by any course of dealing. The captions are for reference only and shall not affect its interpretation.

8. In the event the DDA shall fail to make a payment to the City required by this Contract at the time specified, the City shall have all rights and remedies provided by law to enforce the obligations of the DDA.

9. This Contract is contingent upon the City issuing the Bonds.

10. If in any judicial proceeding, a court shall refuse to enforce any part of this Contract, the unenforceable portions shall be deemed eliminated from the Contract to the extent necessary to permit the remaining portions to be enforced.

11. The provisions of this Contract shall be in full force and effect and binding upon the successors and assigns of the parties.

[Signature page follows.]

The parties have executed this Agreement as of the date first written above.

CITY OF SOUTH HAVEN

By: _____
Robert G. Burr
Its: Mayor

And: _____
Travis Sullivan
Its: Clerk

**DOWNTOWN DEVELOPMENT AUTHORITY
OF THE CITY OF SOUTH HAVEN**

By: _____
Andrea Olson
Its: Chairman

And: _____

Its: Secretary

DEPT 000 REVENUES

GL Number	Description	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
250-000-402-395	REAL TAXES-DDA DISTRICT #1	947,177.70	656,150.37	579,333.00	582,229.67	585,140.81	588,066.52	591,006.85	593,961.88
250-000-402-396	REAL TAXES-DDA DISTRICT #2	532,136.72	481,580.35	544,895.00	547,619.48	550,357.57	553,109.36	555,874.91	558,654.28
250-000-410-395	PERSONAL TAXES-DDA DISTRICT #1	3,412.64	7,937.58	7,460.00	5,968.00	4,476.00	2,984.00	1,492.00	0.00
250-000-410-396	PERSONAL TAXES-DDA DISTRICT #2	3,307.72	2,993.74	0.00	0.00	0.00	0.00	0.00	0.00
250-000-543-000-0233	BRP/DDA - PARKING LOT IMPROVEME	0.00	30,000.00	0.00	0.00	0.00	0.00	0.00	0.00
250-000-573-000	L C S A SHARE APPROPRIATION	28,504.84	28,504.83	28,768.00	30,260.00	31,752.00	33,244.00	34,736.00	36,228.00
250-000-665-000	INTEREST INCOME	0.00	245.22	0.00	0.00	0.00	0.00	0.00	0.00
250-000-665-001	INTEREST - SPEC ASSESSMENTS	560.71	517.57	372.00	270.00	168.00	168.00	0.00	0.00
250-000-665-250	MARKET VALUE ADJUSTMENTS	0.00	60.66	0.00	0.00	0.00	0.00	0.00	0.00
250-000-672-009	SPECIAL ASSESS - WELLS STREET	958.47	3,236.99	751.00	543.00	335.00	127.00	0.00	0.00
250-000-678-001	OTHER REIMBURSEMENTS	18,420.80	50,000.00	0.00	0.00	0.00	0.00	0.00	0.00
250-000-699-591	OPER TRANSFER IN-WATER	813.84	523.32	727.00	698.00	669.00	640.00	611.00	582.00
250-000-699-592	OPER TRANSFER IN-SEWER	883.80	511.47	789.00	757.00	725.00	693.00	661.00	629.00
250-000-699-677	OPER TRANSFER IN-SELF INS	0.00	118,946.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Estimated Revenue:		1,536,177.24	1,381,208.10	1,163,095.00	1,168,345.14	1,173,623.39	1,179,031.88	1,184,381.76	1,190,055.17

DEPT 729 DOWNTOWN DEVELOPMENT

GL Number	Description	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
250-729-703-000	SALARIES & WAGES - FULL-TIME	35,378.09	37,406.98	36,203.00	36,927.06	37,665.60	38,418.91	39,187.29	39,971.04
250-729-704-000	SALARIES & WAGES - PART-TIME	17,231.28	18,685.63	19,648.00	20,040.96	20,441.78	20,850.61	21,267.63	21,692.98
250-729-708-000	OVERTIME - FULL-TIME	10,361.32	5,351.55	9,367.00	9,554.34	9,745.43	9,940.34	10,139.14	10,341.92
250-729-709-000	OVERTIME - PART-TIME	2,515.38	1,990.91	2,792.00	2,847.84	2,904.80	2,962.89	3,022.15	3,082.59
250-729-710-000	HEALTH/DENTAL INSURANCE	6,470.01	7,562.81	4,467.00	4,556.34	4,647.47	4,740.42	4,835.22	4,931.93
250-729-710-001	PAYMENT IN LIEU OF INSURANCE	2,039.78	2,039.80	2,040.00	2,080.80	2,122.42	2,164.86	2,208.16	2,252.32
250-729-712-000	WORKERS COMPENSATION	162.35	252.22	2,100.00	2,142.00	2,184.84	2,228.54	2,273.11	2,318.57
250-729-713-000	PAYROLL TAXES	5,085.42	4,945.35	4,659.00	4,752.18	4,847.22	4,944.17	5,043.05	5,143.91
250-729-713-001	UNEMPLOYMENT COMPENSATION	1,495.78	969.78	664.00	677.28	690.83	704.64	718.73	733.11
250-729-713-002	LIFE & DISABILITY INSURANCE	394.52	438.58	407.00	415.14	423.44	431.91	440.55	449.36
250-729-716-000	EMPLOYER MERS CONTRIBUTIONS	2,409.22	3,019.36	3,011.00	3,071.22	3,132.64	3,195.30	3,259.20	3,324.39
250-729-727-000	OFFICE SUPPLIES	4.29	0.00	100.00	102.00	104.04	106.12	108.24	110.41
250-729-727-001	MARKETING/PROMOTIONAL	0.00	0.00	5,000.00	5,100.00	5,200.00	5,300.04	5,412.16	5,520.40
250-729-741-000	OPERATING SUPPLIES	1,857.68	298.88	2,000.00	2,040.00	2,080.80	2,122.42	2,164.86	2,208.16
250-729-801-000	PROFESSIONAL/CONSULTING FEES	5,884.27	4,156.01	5,000.00	5,100.00	5,202.00	5,306.04	5,412.16	5,520.40
250-729-802-000	OTHER CONTRACTUAL SERVICES	0.00	43,068.30	15,000.00	15,300.00	15,606.00	15,918.12	16,236.48	16,561.21
250-729-802-001	LANDSCAPING	10,252.36	2,779.45	9,000.00	9,180.00	9,363.60	9,550.87	9,741.89	9,936.73
250-729-802-004	HOLIDAY LIGHTING PROGRAM	5,000.00	4,608.10	5,000.00	5,100.00	5,202.00	5,306.04	5,412.16	5,520.40
250-729-835-000	HAZARD ELIMINATION	27,057.03	16,895.59	20,000.00	20,400.00	20,808.00	21,224.16	21,648.64	22,081.62
250-729-850-000	TELEPHONE	10,963.88	16,319.24	16,804.00	17,140.08	17,482.88	17,832.54	18,189.19	18,552.97
250-729-860-000	TRAVEL/CONFERENCES/TRAINING	560.15	594.43	750.00	765.00	780.30	795.91	811.82	828.06
250-729-882-000	STREETSCAPE	3,095.00	31.32	5,000.00	5,100.00	5,202.00	5,306.04	5,412.16	5,520.40
250-729-900-000	PRINTING/PUBLISHING	2.00	0.00	500.00	510.00	520.20	530.60	541.22	552.04
250-729-921-000	UTILITIES - ELECTRIC	2,962.40	3,683.82	13,884.00	14,161.68	14,444.91	14,733.81	15,028.49	15,329.06
250-729-922-000	UTILITIES - WATER & SEWER	5,660.09	4,145.15	6,000.00	6,120.00	6,242.40	6,367.25	6,494.59	6,624.48
250-729-941-000	MOTOR POOL FEES	1,000.00	2,568.70	1,047.00	1,067.94	1,089.30	1,111.08	1,133.31	1,155.97
250-729-944-000	BUILDING LEASE	0.00	1,056.00	528.00	538.56	528.00	528.00	528.00	528.00
250-729-958-000	SUBSCRIPTIONS/MEMBERSHIPS	770.00	500.00	900.00	918.00	936.36	955.09	974.19	993.67
250-729-967-001	STREET REPAIRS	0.00	0.00	3,000.00	3,060.00	3,121.20	3,183.62	3,247.30	3,312.24
250-729-974-018	CAPITAL PROJECTS	(42,427.22)	680,610.93	378,900.00	350,000.00	350,000.00	350,000.00	350,000.00	350,000.00

Total Appropriations:	643,829.70	863,978.89	573,771.00	548,768.42	552,722.46	556,766.35	560,891.11	565,098.38
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DEPT 751 ICE RINK COSTS

GL Number	Description	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
250-751-703-000	SALARIES & WAGES - FULL-TIME	13,262.88	12,055.55	12,583.00	12,834.66	13,091.35	13,353.18	13,620.24	13,892.65
250-751-704-000	SALARIES & WAGES - PART-TIME	858.07	17.30	3,088.00	3,149.76	3,212.76	3,277.01	3,342.55	3,409.40
250-751-708-000	OVERTIME - FULL-TIME	9,633.28	9,285.56	9,300.00	9,486.00	9,675.72	9,869.23	10,066.62	10,267.95
250-751-709-000	OVERTIME - PART-TIME	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
250-751-710-000	HEALTH/DENTAL INSURANCE	4,318.61	4,813.38	2,889.00	2,946.78	3,005.72	3,065.83	3,127.15	3,189.69
250-751-712-000	WORKERS COMPENSATION	795.90	1,587.08	310.00	316.20	322.52	328.97	335.55	342.27
250-751-713-000	PAYROLL TAXES	1,759.08	1,591.09	1,559.00	1,590.18	1,621.98	1,654.42	1,687.51	1,721.26
250-751-713-001	UNEMPLOYMENT COMPENSATION	110.26	56.35	141.00	143.82	146.70	149.63	152.62	155.68
250-751-713-002	LIFE & DISABILITY INSURANCE	128.33	130.25	100.00	102.00	104.04	106.12	108.24	110.41
250-751-716-000	EMPLOYER MERS CONTRIBUTIONS	1,781.37	2,121.34	1,861.00	1,898.22	1,936.18	1,974.91	2,014.41	2,054.69
250-751-741-000	ICE RINK SUPPLIES	8,933.01	4,065.79	15,000.00	15,300.00	15,606.00	15,918.12	16,236.48	16,561.21
250-751-741-001	CHEMICALS	7,724.80	10,975.29	16,000.00	16,320.00	16,646.40	16,979.33	17,318.91	17,665.29
250-751-802-000	OTHER CONTRACTUAL SERVICES	2,525.00	5,935.57	2,800.00	2,856.00	2,913.12	2,971.38	3,030.81	3,091.43
250-751-802-001	CONTRACTUAL SERVICES-LIGHTING	200.00	0.00	500.00	510.00	520.20	530.60	541.22	552.04
250-751-921-000	UTILITIES - ELECTRIC	12,986.10	15,011.53	15,000.00	15,300.00	15,606.00	15,918.12	16,236.48	16,561.21
250-751-922-000	UTILITIES - WATER & SEWER	819.36	1,112.11	1,000.00	1,020.00	1,040.40	1,061.21	1,082.43	1,104.08
250-751-931-000	REPAIRS/MAINT-BUILDS & STRUCTR	0.00	0.00	2,500.00	2,550.00	2,601.00	2,653.02	2,706.08	2,760.20
250-751-932-000	REPAIRS/MAINTENANCE - OTHER	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
250-751-933-000	REPAIRS/MAINTENANCE - EQUIP	455.79	4,541.93	5,000.00	5,100.00	5,202.00	5,306.04	5,412.16	5,520.40
250-751-941-000	MOTOR POOL FEES	10,166.00	9,379.00	12,723.00	12,977.46	13,237.01	13,501.75	13,771.78	14,047.22
Total Appropriations:		76,457.84	82,679.12	102,354.00	104,401.08	106,489.10	108,618.88	110,791.26	113,007.09

DEPT 965 OPERATING TRANSFERS OUT

GL Number	Description	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
250-965-999-101	OPER TRANS OUT-GENERAL	12,928.00	12,928.00	12,928.00	12,928.00	12,928.00	0.00	0.00	0.00
250-965-999-204	OPER TRANS OUT-STREET FUND	0.00	0.00	0.00	50,000.00	50,000.00	50,000.00	50,000.00	50,000.00
250-965-999-296	OPER TRANS OUT - RIVER MAINT	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
250-965-999-363	OPER TRAN OUT-2007 CAP BOND DS	109,087.00	111,470.00	108,723.00	110,840.00	107,822.00	109,683.00	111,320.00	107,835.00
250-965-999-370	OPER TRANS OUT-BUILDING A #2	77,678.00	77,903.00	77,933.00	77,764.00	78,863.00	78,225.00	79,020.00	79,530.00
250-965-999-371	OPER TRANS OUT-2003 CAP BOND	21,438.00	21,438.00	21,338.00	30,838.00	25,238.00	29,638.00	32,388.00	34,888.00
250-965-999-395	OPER TRANS OUT-DDA DEBT	376,533.78	0.00	0.00	0.00	0.00	0.00	0.00	0.00
250-965-999-396	OPER TRANSFER OUT - DDA DEBT #2	207,685.00	205,650.00	208,560.00	211,318.00	213,918.00	216,168.00	218,048.00	224,538.00
250-965-999-402	TRANSFER TO CAP PROJECTS 402	230,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Appropriations:		1,045,349.78	439,389.00	439,482.00	503,688.00	498,769.00	493,714.00	500,776.00	506,791.00

REVENUES 1,536,177.24 1,381,208.10 1,163,095.00 1,168,345.14 1,173,623.39 1,179,031.88 1,184,381.76 1,190,055.17

EXPENDITURES 1,766,312.21 1,386,047.01 1,115,607.00 1,156,857.50 1,157,980.56 1,159,099.23 1,172,458.37 1,184,896.46

FUND NET (230,134.97) (4,838.91) 47,488.00 11,487.64 15,642.83 19,932.65 11,923.38 5,158.70

FUND BALANCE 311,729.51 306,890.60 354,378.60 365,866.24 381,509.07 401,441.71 413,365.10 418,523.80

Assumptions: Taxable Value growth of 0.5% each year
Expenditures increase by 2% each yr
Contribution from DDA starts July 1, 2017
Debt Service requirements are actual

DOWNTOWN DEVELOPMENT AUTHORITY

**YTD BALANCE
 06/30/2016**

**2016-17
 ADOPTED BUDGET**

CAPITAL PROJECTS:

		YTD BALANCE 06/30/2016	2016-17 ADOPTED BUDGET
250-729-974-018-0122	Baar's Building/Huron St Parking Lot	275,093.16	-
250-729-974-018-0142	Water Street Improvements	414.55	150,000.00
250-729-974-018-0151	Downtown WI-FI Phase 2	-	100,000.00
250-729-974-018-0183	Center St. Concept	1,500.00	-
250-729-974-018-0184	Broadway St Concept	1,500.00	-
250-729-974-018-0222	Harbor Walk Improvements	-	25,000.00
250-729-974-018-0231	Michigan St Improvements	191,024.22	-
250-729-974-018-0232	Phoenix & Broadway Signal	-	78,900.00
250-729-974-018-0233	BRP/DDA Parking Lot Improvements	211,079.00	-
TOTALS		680,610.93	353,900.00

Downtown Development Authority

Agenda Item 7

DDA will be asked to consider support of the Planning Commission's recommendations regarding residential downtown parking.

Background:

The City's Planning Commission has actively worked to develop parking recommendations for the City Council's consideration. Prior to bringing those recommendations to the Council, staff has been seeking feedback from downtown business owners, property owners, and managers. The intent was to create a greater awareness of the downtown parking as it relates to downtown living and an acceptance of the proposed changes which lessens the restrictions of residential parking. City staff has received 26 pieces of correspondence from downtown business owners/property owners stating support of the parking amendment and one against.

The attached letter was sent to all downtown business/property owners in mid-July. The letter explains the Planning Commission's recommendations and also states benefits to downtowns as experienced by downtowns throughout the country.

The attached memo to City Council explains the Planning Commission's recommendations and supporting details.

Recommendation:

The DDA is being asked to consider support for the Planning Commission's recommendations for amendments to the Zoning Code and City Code in an effort to increase local economic benefits to the community.

Support Documents:

Zoning Administrator Memo to CC
Letter to merchants
Downtown Residential Parking Q&A

RESPECTFULLY SUBMITTED,

Deb Davidson
DDA Director



City of South Haven

Permit Parking Program for Residences in the CBD

Background

All proposed residences above stores in the CBD require a special use permit from the planning commission. One of the requirements for special use approval is the availability of two (2) private property parking spaces for each unit. The city code of ordinances (Sec. 82-54) prohibits parking for more than 24 consecutive hours in any portion of the downtown parking lots. The proposed parking permit program would provide relief from the zoning ordinance and city code by offering permits allowing for long-term parking in city lots for approved upper floor residences.

The justification for the proposed changes to the parking regulations relates to 1) recommendations in the 2011 Master Plan¹, and 2) proposed residential apartment developments being considered by private property owners, above established retail locations, within the CBD.

Permit parking in the CBD will require amendments to both the zoning ordinance and the city code of ordinances. Once the ordinance amendments have been adopted and the effective date has passed, property owners will still need to obtain a special use permit for a residence above a retail store before proceeding with the permitting process.

Parking permit applications will be available from the clerk and, when completed, returned to the city manager. Upon receipt of a complete application and the payment of the fee, the clerk shall forward it to the city manager who shall initiate a review by the city's building services, zoning and police departments. In accordance with this departmental review, the city manager may approve, deny or approve with conditions an application based on ordinance requirements. Upon the approval of an application by the city manager, a permit shall be issued by the city clerk.

The total number of permits available will be determined by the city council.

In October of 2012, at their regular meeting, the planning commission unanimously voted to recommend to city council the adoption of an amendment to zoning ordinance section 601, 16-b

¹ Chapter Six: Goals and Objectives - POLICY: The City will continue to support residential infill within the downtown setting above commercial, retail and office uses. Promote better use of upper floors in the downtown. ACTION: Create a list of grants and incentives to distribute to developers and property owners. One barrier to residences on upper floors is a lack of available parking and the need for elevators.

to amend the off-street parking requirements for residences in the central business district (CBD). This recommendation followed a public hearing at which no comments were received. (Although amendments are also proposed for the city code of ordinances, the planning commissioner chose not to hold a hearing on those changes.)

In April of 2016 the city manager asked the planning commissioners to revisit the program and add recommendations for preferred parking lots for CBD residents and fees for permits. At their regular May 5, 2016 meeting the commissioners discussed these matters and decided to continue the discussion at a work session a few weeks later. The following are the recommendations from the commissioners following the work session:

- The members decided not to select specific CBD lots because a specified lot may be filled when other lots are not and the permit holder will not have the option of one of the other lots. Members also felt the lot restriction could be a problem for enforcement.
- The permit program applies only to new residences above existing retail stores and does not apply to new condominium developments which may develop in the CBD. It also does not apply to buildings where upper floors are constructed for the purpose of creating residential units.
- It was agreed that the requirement of 2 parking spaces for CBD apartments was excessive and that one space would be adequate. If a property owner would like an additional permit, he could pay for a second permit. Two permits will be the limit for any individual unit.
- It was also determined that long term residential leases in the CBD are preferred over short term. The long term leases will provide stability and population in the off season. It was thus decided that short term annual permits should be more costly than long term permits. The commissioners recommend short term permits be \$300 annually and long term permits (i.e., leases for longer than six months) be \$100 annually.
- A book of ten (10) guest permits shall be available for purchase from the city clerk for use by a property owner/occupant of a CBD property registered and permitted for upper level residential dwelling units. Only one book shall be available to any property in one calendar year. Guest permits allow overnight visitors to park in city parking lots for more than 24 hours but less than seven (7) days at one time.
- Those 11+/- existing non-condo residential units in the CBD without private parking will be included in the permitting program but the fee will be waived.

The draft ordinances reflect the changes proposed by the planning commission.

Recommendation

If the city council decides to move forward with this program, the planning commission recommends enactment of the amendments to coincide with the implementation of the parking permit program in the CBD. The commission adds the recommendation that the permit program applies only to new residences above existing retail stores and does not apply to new condominium developments which may occur in the CBD. It also does not apply to buildings which construct upper floors for the purpose of residential units.

Attachments

Proposed amendment to the City of South Haven Zoning Ordinance Section 601, 16-b.

Traffic Code with amended section 82-54 and new section 82-55 (City Code of Ordinances)

Respectfully submitted,
Linda Anderson
Zoning Administrator

July 11, 2016

To: Property Owners and Business Owners in the CBD
From: Deb Davidson, DDA Director
Re: Residential parking in the CBD

Dear Stakeholders:

City Council is seeking your input to determine the level of support regarding amending the requirements to the residential parking program in the downtown. Please continue reading to learn the details.

The Michigan Economic Development Corporation offers funding through a “Rental Rehabilitation” program designed to improve investor-owned properties and spur economic development in Michigan’s downtowns. Several property owners have inquired about this program and you may be one of those. However, there is a requirement within the City’s Zoning Ordinance that restricts owners from taking full advantage of the program. According to the City of South Haven Zoning Ordinance Section 601-16, the first dwelling unit in a building located in the Central Business District (CBD) does not require parking, however, each subsequent unit requires two (2) parking spaces. Therefore, if a property does not have the required private parking spaces attached to it, the owner cannot apply for the State’s rental rehab grant program.

South Haven City Council has addressed downtown housing in its Fiscal Year 2016-2017 Priorities. The Council pledges to work with staff, private developers, and public agencies to encourage, attract, and develop additional market rate housing options for year-round residents, including to actively review parking requirements for residential developments within the CBD. Prior to City Council making any decisions regarding less restrictive requirements for downtown residential parking, they want confirmation of support from the CBD business/property owners.

If the City Council eases the parking requirement for residential units, the first question that may come to mind is, “Won’t tenants be using parking meant for my customers?” This is a valid concern. It is proposed that the tenants would park in the parking lots - not take up on-street parking where your customers prefer to park. A permit program is proposed to control and enforce tenant parking, for example using “hang tabs” to identify residents’ vehicles.

Substantial evidence and case studies show support of the benefits of people living in downtowns.

- 1) Michigan communities having completed projects through the Rental Rehab program have experienced a long-term positive impact resulting from 1) increased activity in the downtown, 2) increased revenue to downtown property owners, and 3) productive use of otherwise vacant space. (*source: MSHDA’s Community Development Division-Rental Rehabilitation Program*)
- 2) People are drawn to downtowns that are vibrant and active. More people living in a downtown means more activity in a downtown. Residents in upper floors of buildings give life to downtown – lights are on at night! One of the best ways to fill the empty upstairs space is with residential units.

- 3) People living in downtowns offer a built-in customer base. There is increased patronage for surrounding businesses and convenience for the residents themselves. Residents make a sizeable contribution to the health and the stability of the downtown economy.
- 4) Residents are a key piece of the development puzzle. Developing residential upper living space often results in complete restoration to historic buildings in downtown that otherwise slowly deteriorate or eventually require demolition. Research has shown that the restoration of historic buildings draws a growing population of downtown residents. Building restoration also encourages other developers or property owners to invest in the downtown, leading to other improvement projects.
- 5) Residents living in the downtown would foster a year 'round economy. Given that products and services are available, downtown residents would shop out of convenience, fostering economic growth year round in the downtown.

The Planning Commission has recently reviewed parking as it relates to residential units and have made the following recommendations for City Council consideration:

- The existing non-condo residential units in the CBD without private parking will be included in the permitting program but the fee will be waived.
- The permit program applies only to new residences above existing retail stores and does not apply to new condominium developments; it does not apply to buildings where upper floors are constructed for the purpose of creating residential units.
- The parking permit program will require 1 parking space per unit (as opposed to the current 2); the limit will be 2 permits per unit.; the total number of permits available will be determined by City Council, however Planning Commission is recommending a limit of 10 permits total with a review after the limit of 10 permits is issued.
- It was also determined that long term residential leases in the CBD are preferred over short term. The long term leases will provide stability and population in the off-season. It was thus decided that short term annual permits should be more costly than long term permits. The commissioners recommend short term permits be \$300 annually and long term permits (i.e., leases for longer than six months) be \$100 annually.

Prior to re-evaluating the current downtown parking requirements in the City Codes, City Council is seeking feedback from the downtown business owners and property owners as to whether they would like the ordinance amended to a fee-based parking program whereby downtown residents use the public parking lots.

Please send your comments via ddavidson@south-haven.com or in writing to Deb Davidson, 539 Phoenix St, South Haven, MI 49090.

Attached is a "DOWNTOWN RESIDENTIAL PARKING Q & A" flyer. This should help you in understanding the details of downtown residential parking.

If you have additional questions, please contact Deb Davidson at the email above or call 269-637-0748.

DOWNTOWN RESIDENTIAL PARKING Q & A

1) Won't tenants be using the parking spaces meant for customers? Or business owners and employees?

Tenants would be required to park in the parking lots - not on-street parking where your customers prefer to park. A fee-based "hang tab" method is proposed to control and enforce tenant parking. The funds will be reinvested into parking lot maintenance and new parking lot construction.

Residential upper story apartments have existed in South Haven's downtown for many years. Currently, there are a total of approximately 29 existing residential units and 16 of those do not have private parking - they are grandfathered in - meaning the units have residents who park in the lots overnight. It is unknown how many parking spaces are actually being used as some tenants do not have cars. Most, if not all, paid to be part of the former Community Parking Program.

So exactly how many parking spaces will be needed for downtown residents? When reviewing the list of property owners who have shown interest in applying for a rental rehab grant and cannot meet the current private parking requirement, the amount of parking spaces needed is 6.

2) Why not construct a parking garage? This would create additional parking for everyone to use.

Parking garages are costly to construct and maintain - especially since it would only be needed for 6 to 8 weeks of the year when parking is at a premium. According to a 2005 survey done by Carl Walker Construction, Inc., the average cost of a parking structure in the United States was about \$15,000 per parking space. According to the Online Journal of Suburban Design, Gerard Giosa, parking consultant and president of Level G Associates and co-author of *Parking Matters*, a basic but attractive parking garage with an elevator, security cameras, and energy-efficient lighting can be designed and constructed for about \$21,000 per parking space. By comparison, the cost to design and build a surface parking lot is about \$3,000 per parking space. Regarding maintenance, a good number to budget for ongoing parking garage operating and maintenance expense is about \$500 per space per year. It is also critical to perform routine preventative maintenance on the garage, including sealing decks and replacing caulking and joints, to avoid major structural repair bills as the garage begins to age. For South Haven, a parking garage may be cost-prohibitive.

Seeking additional parking opportunities is a number one priority on the Downtown Development Authority (DDA) priority list. Recently, the DDA financed a parking expansion in the Huron St parking lot which added 33 spaces. The DDA also assisted with the new parking lot on Dunkley Ave which added 61 spaces.

3) Will amending the parking requirements result in restoration of historic buildings?

An example of how the current parking requirement is a huge stumbling block to the restoration of a historic structure is the three-story Hale's building on Center St. Recently, developers have been interested in developing the two upper floors into 12 residential units. The City's parking requirements state that there must be 2 parking spaces per unit, the first unit is exempt. In the Hale's example, 22 parking spaces must be provided (11 units). Although the Hale's property has private parking, it is lacking 4 spaces to meet the requirement. Due to the lack of 4 parking spaces,

developers have walked away from purchasing and restoring the Hale's building as this would prevent them from receiving grant dollars to offset the costs of the restoration. It is nearing the point that unless the Hale's building can be restored, it will have to be a demolition due to public safety concerns. Although the parking requirement may not be the single reason for developers to walk away from restoration projects, it plays a huge role in making the project come to fruition.

4) As a business owner, how do I benefit from people living downtown?

- People are drawn to downtowns that are vibrant and active. More people living in a downtown means more activity in a downtown. Residents in upper floors of buildings give life to downtown – lights are on at night! Residents help keep the downtown lively at night when businesses close. One of the best ways to fill the empty upstairs space is with residential units.
- People living in downtowns offer a built-in customer base. There is increased patronage for surrounding businesses and convenience for the residents themselves. Residents make a sizeable contribution to the health and the stability of the downtown economy.
- Residents living in the downtown would foster a year 'round economy. Given that products and services are available, downtown residents would shop out of convenience, fostering economic growth year round in the downtown, specifically in the shoulder seasons – November through April.

5) As a property owner of a multi-level building, how do I benefit from people living downtown?

- Michigan communities having completed projects through the Rental Rehab program have experienced a long-term positive impact resulting from 1) increased activity in the downtown, 2) increased revenue to downtown property owners, and 3) productive use of otherwise vacant space. (*source: MSHDA's Community Development Division-Rental Rehabilitation Program*)
- Upper floor living spaces provide an extra income for property owners. The additional source of income makes historic downtown buildings a better investment for property owners, which benefits the overall downtown economy.

6) How will snow be removed in the parking lots?

Actually, overnight parking currently takes place in the parking lots during the winter. The city crews address this on a one-on-one basis.

An example of one community's solution to the snow removal in the public parking lots is based on an alternate parking schedule. For example, parking may be allowed in lot A on a given day, while not allowed in lot B. Then the next day it would be switched.

7) How does downtown upper floor housing fit into the City's vision?

Upper Floor Housing is a goal listed in the City Council Master Plan:

- Chapter Six: Goals and Objectives: "Promote better use of upper floors in the downtown . . . the City will continue to support residential infill within the downtown setting above commercial, retail and office use. The Downtown should be a people-oriented center that mixes commercial, residential, governmental, waterfront, tourist and event functions."

- Chapter Seven EXISTING AND FUTURE LAND USE: “Higher density residential uses should be encouraged in the downtown area. In order to maintain a traditional pedestrian-oriented downtown, large numbers of residents within walking distance are very helpful in attracting quality retail and service businesses. It is important to maintain a high level of concentration of retail / service / commercial storefronts at the ground level on streets with a commercial character, so on commercial streets, residential uses should be prohibited on the first floor and encouraged on the second floor and above.”

8) Does City Council support residential living in the downtown?

South Haven City Council has addressed downtown housing in its Fiscal Year 2016-2017 Priorities. The Council pledges to work with staff, private developers, and public agencies to encourage, attract, and develop additional market rate housing options for year-round residents. The housing development efforts will focus on vacant land with appropriate zoning, along with undeveloped spaces within the Central Business District. As part of the effort to create housing options within the Central Business District, “Council will work with staff and the Planning Commission to actively review parking requirements for residential developments within the Central Business District.”

9) Does the State of Michigan support residential living?

The State of Michigan has been promoting *Placemaking* for several years. Among many things, “Placemaking is the process of creating quality places where people want to live, work, play, shop, learn and visit.”

10) Does any data exist to confirm the benefits of people living downtown?

According to the *2014 Michigan Main Street Economic Study: Ten Years of Excellence*, research shows that the annual economic impact on the downtown of one couple renting an upper floor apartment for \$750/month – just what would likely be spent in the downtown assuming the goods and services are available = \$18,619 (page 19)

11) Have other Michigan cities seen a benefit of people living downtown?

Many Michigan cities have seen the economic benefits of people living in their downtowns. For example, the City of Manistee reports that upper floor housing rehabs in its downtown laid the groundwork for half a decade of growth. A total of 51 downtown apartments led to \$3.6 million in investment from 2008-2012, including 12 new businesses.

Other examples of cities who have seen benefits are Kalamazoo, Portland, Dowagiac, Hastings, Mason, Alpena, Holland, and Ferndale, just to name a few.