

**Minutes of the Downtown Development Authority  
City of Portland**

Held on Thursday, May 11, 2006  
In Council Chambers at City Hall

Members Present: Antaya, Barnes, Briggs, Clement, Dempsey, Dumas, Kavanagh, Kolarik, Pontz, Williams

Members Absent: Hoppes, Urie

Guests: Nikki Miller and Kathy Parsons

Chairman Dumas called the special meeting to order at 3:30 P.M.

Motion by Kavanagh, supported by Kolarik, to approve the agenda as presented with the addition of Approve Treasurer's Report.

All in favor. Adopted

Motion by Barnes, supported by Kolarik, to approve the minutes of the April 20, 2006 meeting.

All in favor. Adopted

Chairman Dumas stated he hopes to get all the D.D.A. business finished today, so that we can cancel next weeks scheduled meeting.

Motion by Kavanagh, supported by Antaya, to approve the Treasurer's Report.

All in favor. Adopted

D.D.A. Director Bennett passed out copies of the Notice of Intent (N.O.I.) to proceed with the MSHDA Grant for Façade Improvements. She stated that CDBG/State will be providing a \$25,000 grant, D.D.A. has agreed to fund \$12,500, and five business owners have agreed to contribute \$2,500 each for a total of \$12,500 for a grand total of \$50,000. Ms. Bennett explained the application for the Notice of Intent. She stated the downtown businesses will be proceeding with the job creation criteria. Two or three business will create a combination of 2 full-time positions. This could be one full-time or four part-time, or any combination up to 2 full-time positions. The businesses that have project that they will add additional employees as a result of the Façade Grant Program are: Mark Lewanski's, The Art of Giving, Perennial Financial, Distinctive Occasions, and one of Kevin Rademacher's buildings. Ms. Bennett stated that the new jobs must be created by December 2007, and if one business is unable to create a job or jobs, the jobs can come from a different business.

City Manager Dempsey asked Ms. Bennett if the job creation component is not met, and the \$25,000 CDBG Grant money had to be refunded, whose obligation would it be to refund the money? Ms. Bennett stated she thinks the obligation would fall back on the D.D.A. because the D.D.A. is the grant applicant for the project.

Commissionmember Kolarik stated he would like to see a more concrete commitment for job creations if we are going to be responsible for paying the bill. Ms. Bennett replied that the paper work is for an N.O.I. at this time, and we still have to go through the application process. She stated she is reluctant to ask the business owners for written obligations of job creation at this time.

Motion by Pontz, supported by Clement to proceed with the N.O.I. for the Façade Grant.  
All in favor. Adopted

City Manager Dempsey informed the D.D.A. members that the City has opened the bids for the Boardwalk Project, and the low bid came in a lot higher than the money set aside for the project. He stated he is working with the State Agencies and will be working with the City Council to try to identify sources of funds to make up the shortfall. He said, “We are about \$165,000 short of construction dollars without any contingencies”. He stated if we put about \$80,000 in a contingency, we need about \$245,000 for this project. He wanted the D.D.A. to know that the Boardwalk Project was short on funds and obviously the D.D.A. could not make up the shortfall of money that is needed for this project. He said, “We may come back to the D.D.A. to see if you can help close the gap a little”.

Mayor Barnes stated this is a pre-application only and it is good to know that there is an issue about how the boardwalk will be funded. He said, “For our purpose we have to consider if we want to do the facades in conjunction with the Boardwalk project”. He said, “The N.O.I. is a separate issue”.

Ms. Bennett stated that the D.D.A. has money in the fund balance that could help with the shortfall, and maybe it is time to consider fund raising. She stated she has talked to Mr. Kavanagh about some fund raising options.

City Manager Dempsey stated he is meeting with representatives at the State Agencies that are partnering with the City on the Boardwalk project to find out if there is additional grant dollars out there to help close the gap. He stated that one of the agencies is MSHDA and we are currently working with them on the façade program.

Chairman Dumas Said, “The shortfall information is relevant but it may be too soon to make definite decisions especially because this is just a N.O.I”. He said, “We should go ahead and file the N.O.I. and see what is going to happen with the boardwalk”. He also said, “We need to meet this time line or otherwise we are out of it”.

Boardmember Pontz asked if the City Engineers have identified were the discrepancies are for \$165,000 and perhaps there is an opportunity to negotiate with the bidders to lower the costs. City Manager Dempsey stated that is being done already. He stated the Boardwalk Project was part of a Cool Cities Grant that was applied for and designed over two years ago. He stated the increase may possibly come from an increase in fuel and steel costs. He stated we are looking at items to help save money. He said there is an item in the project for a video survey of the property for \$1,000. He stated we may be able to do it in house for a considerable savings. He stated there are a lot if items we can look at to help close the gap.

City Manager Dempsey stated we received six bids for the project and there was a half a million dollars difference between the high bid and the low bid.

He stated we need to find another \$245,000 for the Boardwalk Project before we can comfortably go forward with the project. He stated he will be discussing this with City Council on Monday night.

Director Bennett stated we need to look seriously at fund raising options, and she will be happy to discuss some options.

Boardmember Clement stated we grossly under estimated this project just like we under estimated the Kent Street Project. He stated we need to find the steps to correct this from happening again in the future. Chairman Dumas clarified with the Kent Street Project we ran into many items underground that we just did not know was there.

City Manager Dempsey reiterated that the boardwalk application was done over two years ago, and the Engineers only had a concept drawing of the boardwalk when they estimated the cost. They did not have a completed design, so they didn't have anything to compare prices to any previous projects.

Director Bennett stated the D.D.A. has already spent over \$70,000 on this project for an Engineering Study. She said, "That money is already spent and gone".

Boardmember Antaya asked what the time limit was for the Cool City Grant. City Manager Dempsey replied the Cool Cities Grant expires this summer so it has to get done now. He said, "We have requested an extension through the end of the year; however, we have not received a response". City Manager Dempsey said, "We were hoping to award the contract for the boardwalk next week, now we are in a position that we can not award the contract because we can't identify how we are going to pay for it". He also said, "We are probably going to look at what the D.D.A. can do to help close the gap, but you don't have much of a fund balance to work with".

Boardmember Pontz asked what the next step was to proceed with the project. Chairman Dumas stated the next step is for the City Manager to work with the State Agencies to see if there is additional money to help with this project. His next step is to work with the Council to see if they can help fill the gap.

Boardmember Briggs stated she would like to see if Carolyn could come up with some ideas for fund raising.

City Manager Dempsey stated the D.D.A. is limited to the amount of help they can give because they only have a \$30,000 fund balance at the end of the 06-07 year. He said, "If we are successful with our N.O.I. we will spend \$12,500 of the fund balance for the rear facades". He stated we need to keep something of a fund balance. Several other funding options were discussed along with a Michigan Department Transportation Grant (MDOT). City Manager Dempsey stated the City received a (MDOT) Grant for the extension of the Rivertrail, and we would not be eligible for more funding for the next few years.

Boardmember Williams left the meeting at 4:09 P.M.

Boardmember Pontz asked the City Manager what the sources of the funds were for the boardwalk. He replied there is money coming from MEDC, \$100,000 for Cool Cities, \$125,000 through MSDHA in which some is State money and some is CDBG money. He stated that we have \$725,000 in grant money and the D.D.A. provided \$75,000, so we have \$800,000 in project money. Ms. Pontz asked the City Manager if the Natural Resource Trust Fund has been approached for funds. City Manager Dempsey replied their deadline was April 1st.

Chairman Dumas reminded Boardmembers that we would not be having our regularly scheduled meeting next week and he will see everyone in June.

Motion by Antaya, supported by Kolarik, to adjourn the meeting at 4:11 P.M.  
All in favor. Adopted

Respectfully submitted,

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Vicki Pontz, Secretary