

October 8, 2021

The following was given to all members of the Fruitport Township Board before they voted to establish the Fruitport Township DDA (Downtown Development Authority).

To the Fruitport Township Board members and department heads:

This is the beginning of an article for the next issue of the Fruitport Area News. If any board member can point out misinformation to me, please do. If any board member would like to talk to me about this, I am willing.

Defunding Township Services

The developer that is developing the golf course on Harvey between the Mall and Pontaluna Road is getting money for water, sewer, etc. from a DDA that the township formed mostly for him. The township has even started the process to borrow money to help him get started. If he continues to handle the township boards, he can get the taxpayers to pay for a significant part of his development. The township already has a water line all the way across his property. The sewer line is within a couple hundred feet of his property and sized to handle his development. Why is the township doing this? It was not done for other developers, not even for the Mall when it was built.

Steve Biesiada, the Director of DPW said, "It's like giving the developer a discount sale." The problem is his discount is being taken from the taxpayers. The tax money is going to pay toward the developers infrastructure sewer and water, etc., instead of paying the township expenses (like police, fire). You could say it is stealing from the taxpayer to help him develop his property. Some may argue that its just the increase in taxes going for that purpose. The increase in taxes needs to go toward the increase in township expenses. Recently the voters voted to fund police and fire expenses. Now the township board is planning to give part of the taxpayer money from that vote to the developer. I don't think the township board realizes the significance of what they're doing. This is a shell game that they are going along with, at the expense of the police, fire, and other township expenses. It's also not fair to the others that have built in that area that did not get a discount on water, sewer, etc.

As the developer builds his buildings it will increase the valuation in that area and nearly all his township tax money will go to pay for more of his infrastructure. At the same time the people moving into his buildings will require police and fire and other township services. So in addition to taking tax money from township services, his project will require additional expenses to the township. In essence, you will be de-funding our police and fire protection to help a wealthy developer make more money at the taxpayers' expense. Why? Could ulterior motives be involved?

To Fruitport Township Board Members 10/11/2021

Regarding Fruitport Township DDA

1-A-Part 2

Not being used to address deteriorating property values in our downtown.

Not being used to foster economic development in Fruitport's downtown.

1-A-B

What township committee found that the DDA was necessary to halt the deterioration of property values or redevelopment of obsolete sites.

1-B-4

It's being used to develop a current golf course, not a former golf course.

1-D-a, b, i, j

Fruitport Township water and sewer hookup fees provide enough money already to extend utilities where needed without using taxpayer money with a DDA.

Spending \$1,600,000 to re-use property and buildings involved with the Lakes Mall - Why???

The free enterprise system has done well to develop the Mall area. Without the help of a township board that nearly all members have no business ownership or development experience.

Why do the township board members think they know better than the business community on the ins and outs of developing? Why do they think its their job to financially help developers at taxpayers expense?

Evidently the township board has been conned
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into thinking that they need to take township taxpayers' money to give a windfall to a few developers, like up to \$11,000,000, some of whom are represented on the DDA Board?

This DDA is being created on lies and misinformation and not according to the purpose as stated in the Downtown Development Authority Act.

Ron Cooper, Editor

Fruitport Township DDA (Downtown Development Authority)

Township responds to FAN article:

Statement: "The developer that is developing the golf course on Harvey between the Mall and Pontaluna Road is getting money for water, sewer, etc. from a DDA that the township formed mostly for him."

Answer: Public utilities are a key municipal responsibility. The extension of utility services is an expensive undertaking, but it is vital for new development, and it is an investment in the growth of tax revenue. There are several means of paying for utility extensions, but most of them involve billing taxpayers.

This is why many municipalities have opted to establish Downtown Development Authorities (DDAs) who can approve Tax Increment Financing (TIF).

The Township board and Township staff members carefully considered the benefits and obligations of a DDA and worked with Muskegon County to establish the DDA as a powerful economic tool. Most nearby municipalities already have DDAs and have benefitted from them for years. The Fruitport Township DDA was designed to benefit an area of more than 475 acres that is bordered by Sternberg, Harvey, Quarterline, and Pontaluna. This includes the struggling mall area, the stalled hotels, and many other parcels. The DDA Development Plan currently has 13 defined potential projects within the district with the document being a living document under which projects may be added as the district develops. Harmony Lake Apartments is simply the lead project, we do not expect it will be the only project.

The benefit of a DDA can be seen by the extensive development that has occurred on the west side of Harvey Street in Norton Shores, directly across the street from Fruitport Charter Township. The City of Norton Shores established a DDA years ago which funded the installation of public utilities. This provided a competitive advantage for land on the Norton Shores side of Harvey Street.

Under a TIF Agreement, the municipality issues bonds to pay the upfront infrastructure costs needed to support new development. New development then increases the property value and tax revenue. Whatever tax had been collected prior to development would continue to be collected and used as before — with no loss to the existing tax base. Any property taxes collected over and above the predevelopment amount (the "increment") would go to the DDA to repay the bonds. Therefore, the investment is repaid directly by the tax revenue generated by the developer.

Further, the DDA and the Township benefit from all future tax dollars generated by the new development in perpetuity, after the initial investment has been repaid.

FAN responds:

The DDA tax revenue will be given to the developers for 20 years. All the while the township expenses will increase. Slower development over the same amount of years with all the tax increases going to fund township expenses would put the township ahead financially each of the 20 years. The township will never recoup the money given to the developer.

Township responds to FAN article:

By utilizing TIF, the costs of utility extension are reimbursed by the tax generated by the development. This method has the least impact on taxpayers, making it popular with many municipalities.

Secondly, in order to have water and sewer lines large enough with the capacity to service other areas beyond the developer's property (areas both inside and outside the Downtown Development Authority) the water and sewer lines within the developer's property must be enlarged. If the DDA (or Township) does not step in now and pay to

upsized these lines, it will essentially make further development outside of the developer's property cost prohibitive.

FAN responds:

The lines do not need to be enlarged, they were engineered by Priene & Newhof and sized to accommodate the development already.

Township responds to FAN article:

Statement: "The Township has even started the process to borrow money to help him get started."

Answer: As will all new DDAs, until there is a fund balance from the tax capture process, early DDA projects will rely on funds generated from things like municipal bonds that are paid based on projects in the district such as the initial project on the golf course. The bonds and increment that will service the bonds will be vetted by a bond analyst to ensure it can support the bonds.

FAN responds:

Who is going to pay for the bonds if the developer does not establish his project? As is the case of the two hotels. Will the township be liable for the bond payment?

Township responds to FAN article:

Statement: "If he continues to handle the Township boards, he can get the taxpayers to pay for a significant part of his development."

Answer The Township board is functioning based on its own careful judgement, with advice of legal counsel, and with the guidance of economic development and municipal finance experts who have a thorough understanding of the process and the impact of DDAs and TIF. Again, the projects will be funded by additional tax revenue and not by increased tax burden or millage.

FAN responds:

There will be no additional tax revenue if the developers fail.

Township responds to FAN article:

Statement: "The Township already has a water line all the way across his property. The sewer line is within a couple hundred feet of his property and sized to handle his development."

Answer: This statement is partially true in that there is a water line on Harvey Street but not available on Quarterline. Further, water lines must be looped for water quality as required by the State of Michigan. The area is large, both in and outside of the developer's property so another transmission water main is required through the developer's property to support the adjacent and surrounding properties. Sanitary sewer on Harvey St. ends at the north end of the golf course site. It is not designed deep enough to support properties to the south (to Pontaluna) and requires a lift station. The Developer could install a small lift station but the Developer has worked with the Township, DPW, and their engineers (Priene & Newhof) to develop a sanitary system to support development within the southern part of the DDA and east of the DDA District. It only made sense to work together to leverage the Developer's significant investment at the property that will help finance the infrastructure that will serve the Township.

FAN responds:

If he puts his water line across his development according to established engineering, the project will be looped. Any water extension on Quarterline Road can be handled with Township hook up fees.

The system was designed by Priene & Newhof to handle the entire area south and to have a lift station there. The township can easily put a lift station in as designed using hook up fees and, in fact, should already have these funds.

The developer has worked with the township to pay for his infrastructure at township taxpayer expense.

Township responds to FAN article:

Statement: "Why is the Township doing this?"

Answer: Simply said, to encourage development on the Township's side of Harvey St. and to plan now for additional future development in the Township.
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