

AGENDA REPORT

TO: Mayor & City Commission
FROM: Ken Hibl, City Manager
DATE: February 24, 2009
RE: IDC Presentation and Renewal of IDC Agreement



For the Agenda of March 1, 2010

Background. The Clare Industrial Development Corporation (IDC) has acted in the formal capacity as the City's primary agent for industrial development for 30+ years. This successful relationship has resulted in significant benefit to the City in respect to increased taxable values due to industrial development – examples include StageRight, Alro Steel, Letherer Truss, JDMetalworks, RWB, Northern Logistics. The success of this relationship is further evidenced by the fact the City's primary industrial park is at full capacity, and the City currently owns no property available for further industrial development. The IDC has considered a number of options to allow continued industrial development in Clare. Those options have been reduced to two primary considerations that the IDC has asked to present to the City Commission via a Power Point presentation at the scheduled March 1st meeting. Concurrently, the IDC requests that the City consider renewing (*copy of proposed Agreement att'd*) the formal agreement between these two entities designating the Corporation to continue serving as the City's agent for industrial development.

The IDC Power Point presentation was presented to the Clare City Planning Commission at its January 2010 meeting. The Planning Commission unanimously recommended approval of the IDC's request to pursue funding sources to determine whether its proposal for industrial expansion in the City is affordable. The Planning Commission succinctly and clearly stipulated that any such development must be affordable/not cause an undue fiscal hardship or burden on the residents and businesses of the City.

The City Commission is now asked to consider the advantages and disadvantages of the recommendations that will be presented by Mr. Jim Allen, the IDC Chairman, at Monday's meeting and subsequently make a determination whether to allow the IDC to pursue funding options and sources (primarily, the submittal of grant applications) to evaluate affordability of the recommendations that will be made.

Issues & Questions Specified. Should the Clare City Commission, after receiving, discussing, and evaluating the Clare IDC's presentation, provide the IDC the authority to pursue funding opportunities to determine affordability of the proposed recommendation(s)?

Alternatives.

1. Provide the IDC the needed authority to pursue funding opportunities to determine the affordability of recommended industrial development in the City.

2. Do not provide the IDC the needed authority to pursue funding opportunities to determine the affordability of recommended industrial development.
- 3.
4. Set the matter aside for consideration at a later-scheduled commission meeting.

Financial Impact. Currently indeterminable.

Recommendation. I recommend that the Clare City Commission approve the recommendation(s) of the Clare Industrial Development Corporation and concurrently approve the renewal of the formal business agreement between the City and the IDC, by adoption of Resolution 2010-012 and 2010-013, respectively (*copies att'd*).

Attachments.

1. Proposed Agreement.
2. Resolution 2010-012.
3. Resolution 2010-013.

DEVELOPMENT AGREEMENT

WHEREAS the Clare County Industrial Development Committee, (hereinafter referred to as the "I.D.C.") acting with the City of Clare has created an industrial park within the City of Clare;

WHEREAS the City of Clare, (hereinafter referred to as the "City") is desirous of continuing with its relationship with the I.D.C., within the City of Clare;

WHEREAS the City and the I.D.C. have cooperated to fund various improvements and infrastructure within the industrial park;

WHEREAS the I.D.C. and the City have collaborated for the benefit of the City in economic growth;

WHEREAS the partnership between the City and the I.D.C. has been successful in that the currently developed industrial park is fully developed and more space is needed;

WHEREAS both parties are desirous of having the industrial park and industrial property managed by the I.D.C. and may in the future develop additional parks or additional acreage for industrial development;

NOW, THEREFORE, it is agreed as follows:

1. That the City shall have two (2) full voting members on the I.D.C. they shall be the City Manager and one (1) councilperson.

2. That the City shall have the right to audit the books of the I.D.C. insofar as those books relate to the project and property referred to as the industrial park and industrial property.

3. That I.D.C. shall not have the authority to commit the City for expending further monies on behalf of the industrial park or industrial property, or for further economic development within the City of Clare.

4. That the I.D.C. shall have the right to manage, operate and control the industrial park and industrial property.

5. That the I.D.C. shall have the full right, power and authority to sell, lease, rent or otherwise dispose of the industrial park or industrial property, and the proceeds thereof.

6. That the I.D.C. shall have the full right, power and authority to dispose of the proceeds of the money received for retirement of debt and further development of the industrial park and industrial property.

7. The City and the I.D.C. has entered into multiple agreements with a five (5) year term for management of the City of Clare Industrial Park. The last such agreement expired in 2002, although the parties have continued in a relationship informally. This agreement shall have a term of five (5) years. The agreement may be terminated after five (5) years by either party giving the other sixty (60) days notice of its intent to terminate the agreement. However, if either party shall fail to give notice,

the agreement shall renew on an automatic basis at five (5) year intervals. The agreement shall not lapse by non-action.

Dated this ____ day of _____, 2010.

INDUSTRIAL DEVELOPMENT COMMITTEE

BY: James Allen
ITS: President

BY:
ITS: Secretary

CITY OF CLARE

BY: Pat Humphrey
ITS: Mayor

BY: Ken Hibl
ITS: City Manager

BY: Diane Schmidt
ITS: City Clerk