

AGENDA REPORT

TO: Mayor Pat Humphrey and the Clare City Commission
FROM: Ken Hibl, City Manager
DATE: July 28, 2010
RE: Payment of Middle Michigan Development Corporation Contract Invoice

For the Agenda of August 2, 2010

Background. By adoption of its Resolution 2009-052 (*copy att'd*), the City Commission approved a Contract for Economic Development Services (*copy att'd*) with the Middle Michigan Development Corporation (MMDC) of Mt. Pleasant. The annual invoice for services outlined in the contract was submitted to the City Commission for payment at the scheduled meeting of July 6, 2010. Payment of the invoice was challenged on the basis of a purported integrity issue and justification of actual work performed by MMDC for the City; consequently, the commission voted to remove the invoice from the submitted Payables List for detailed discussion at a future meeting.

The City is contractually obliged to make payment to MMDC unless it provides 60-day notice of termination and provides MMDC the opportunity to correct any stated default of contract. Therefore, the City Commission is asked to factually stipulate what it perceives to be the specific elements of default to facilitate the issuance of a default and termination notice or to approve payment of the invoice as required by our contractual agreement with MMDC.

To assist the City Commission in its discussion and decision regarding this matter, I have attached a partial listing of MMDC's activities as it relates to the City and in its role as a regional economic development multiplier. From the City Staff's perspective, this organization has played a key and vital function in nearly every facet of economic development success we have experienced in the past decade. And while MMDC's role remains primarily industrial economic development, that role has expanded far beyond that focus – examples include personal involvement and membership on the City's Main Street Economic Restructuring Committee and the Clare Railroad Depot Committee; taking the lead in regional entrepreneurial initiatives; acting as our representative on the East Michigan Council of Governments; acting as the city's liaison with state and federal agencies (MEDC, MSHDA, USDA, EDA); coordinating and providing ethics training to local businesses (including City of Clare employees); initiating an Assets Based Community Development (ABCD) initiative for Clare County; and its organization of two regional programs that impact our local youth: Mock Interview Day for all regional high schools and INSITEFUL, which is a summer camp for innovative youth. The City's membership on MMDC's Board of Directors provides the City a once-each-month, focused opportunity to discuss and play a role in regional economic development issues with representatives of local municipal (Farwell, Harrison, Mt. Pleasant, Clare County, Isabella County, Union Township) institutional (CMU, MMCC), financial (Isabella Bank, First Bank, Commercial Bank) other economic development agencies (Clare County Enterprise, Clare IDC, Harrison Area EDC, Mt. Pleasant Chamber of Commerce, Mt. Pleasant IDC, Clare EDC, CMU Research Corporation, Isabella

County EDC, Mt. Pleasant LDFA, Mt. Pleasant Smart Zone, and Mt. Pleasant TIFA) and numerous business entities. MMDC is locally considered a regional economic development partner – not just an economic development contract services provider.

Representatives of MMDC have been invited to attend Monday's meeting to discuss this matter with the City Commission.

Issues & Questions Specified. Should the City Commission approve the contract invoice or issue a notice of default and contract termination?

Alternatives.

1. Approve payment of the contract invoice.
2. Direct that a 60-day default and termination notice be issued.
3. Set the matter aside for consideration at a later-scheduled commission meeting.

Financial Impact. The annual contract fee is \$12,500. This amount was approved for appropriation in the City's 2010/2011 Budget.

Recommendations. I recommend that the Clare City Commission approve the payment of the contract invoice by adoption of Resolution 2010-084 (*copy att'd*).

Attachments.

1. Resolution 2009-0052.
2. Contractual Agreement.
3. List of MMDC Activities.
4. Resolution 2010-084.
5. Rental Agreement Form.

RESOLUTION 2009-052

A RESOLUTION OF THE CLARE CITY COMMISSION APPROVING A CONTRACT SERVICES AGREEMENT WITH MIDDLE MICHIGAN DEVELOPMENT CORPORATION.

WHEREAS, the City of Clare has enjoyed the consulting services of Middle Michigan Development Corporation for the past ten years; and

WHEREAS, said relationship with Middle Michigan Development Corporation has been mutually beneficial in respect to regional industrial and economic development; and

WHEREAS, the City desires to continue said services and relationship; and

WHEREAS, Middle Michigan Development Corporation has offered a formal contractual services agreement to outline the terms and conditions of said relationship with the City; and

WHEREAS, the City has reviewed the proposed services agreement and deems it to be in its best interests to enter into a contractual services agreement with Middle Michigan Development Corporation.

NOW THEREFORE BE IT RESOLVED THAT the Clare City Commission hereby approves a contractual services agreement with the Middle Michigan Development Corporation, the terms, conditions, and stipulations of said relationship as outlined within said agreement.

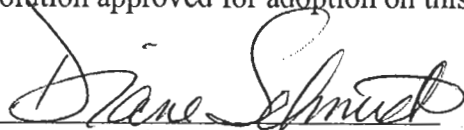
The Resolution was introduced by Commissioner Jean McConnell and supported by Commissioner Tom Koch. The Resolution declared adopted by the following roll call vote:

YEAS: Jean McConnell, Tom Koch, John Koch and Pat Humphrey

NAYS: None

ABSENT: Bill Horwood

Resolution approved for adoption on this 18th day of May 2009.



Diane Schmidt, City Clerk



Middle Michigan Development Corporation

Representing the Central Michigan Region:
The Counties of Clare and Isabella

CONTRACT FOR ECONOMIC DEVELOPMENT SERVICES

This agreement is made this 18 day of MAY, 2009, by and between the City of Clare ("City") and Middle Michigan Development Corporation ("MMDC").

WHEREAS, MMDC was created as a collaborative effort among many local entities in 1981 with the expressed purpose of establishing a professional, fully-staffed economic development organization to represent the entire area with a single voice and point-of-contact to initiate and carry out economic development initiatives, typical and customary of the economic development profession and industry, and

WHEREAS, MMDC and the several entities in Clare County have since joined together to expand their efforts to include all of Clare County, and

WHEREAS, MMDC has the necessary and appropriate personnel, facilities, and professional expertise to provide economic development services, and

WHEREAS, the City intends to contract with MMDC to provide said economic development services as outlined in the attached "Exhibit A" and "Exhibit B";

NOW, THEREFORE, for and in consideration of the mutual covenants hereinafter contained, the City and MMDC do hereby agree as follows:

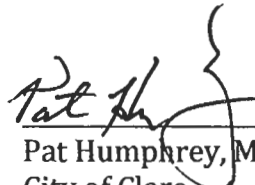
- I. Description of Services. MMDC shall provide to the City economic development services as defined in the attached "Exhibit A". In connection herewith, MMDC shall make regular reports to the City Commission and shall provide a copy of its 2009 (or current) Marketing and Communications Plan, attached as "Exhibit B".
- II. Term. This contract shall be for a period of One (1) year, beginning the 1st day of January, 2009. This contract shall then automatically renew for successive One (1) year terms on the same terms and conditions contained herein.
- III. Compensation. The City shall pay MMDC the annual sum of Twelve Thousand Five Hundred (\$12,500) DOLLARS, due and payable by the 15th of January of each year.
- IV. Amendment to Contract. This contract may be amended only in writing and signed by both parties. However, Exhibits may be modified from time to time without need for contract amendment.

111 South University
Mt. Pleasant, MI 48858
Phone: (989) 772-2858
FAX: (989) 773-2115

Website: www.mmdc.org

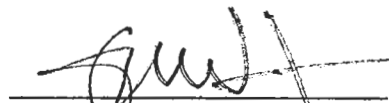
V. Termination. Unless otherwise terminated by notice in advance of expiration, this contract may be terminated by either party if the other party fails to fulfill its obligations under this agreement through no fault of the terminating party. No such termination shall be made unless the other party is given not less than Sixty (60) days written notice of intent to terminate and an opportunity to correct the default. In addition, the City may terminate this agreement for legal or financial cause in its sole determination upon not less than Sixty (60) days notice.

VI. Further Pronouncement. MMDC is a private, non-profit economic development corporation, acting as an independent contractor and is neither an agency nor an employee of the City.



Pat Humphrey, Mayor
City of Clare

3/27/09
(dated)



George W. Dunn, President
Middle Michigan Development Corporation

3.26.2009
(dated)

List of MMDC Activities & Accomplishments – City of Clare

1. Successfully secured a CDBG grant for the City to upgrade Pioneer Drive for StageRight/Filcon and to bury the power lines along that corridor.
2. Assisted in the relocation of JD Metalworks from three locations in the downtown area to the Industrial Park which resulted in more parking space in downtown Clare and a great location for the new library.
3. Participated in the planning of Clare Main Street program.
4. Participated in the Cool Cities program with the City.
5. Was successful in retaining Martinrea a year longer than anticipated by gathering state and local incentives. Worked with Alro Steel to occupy the building once vacated by Martinrea.
6. Market available properties and buildings in the City of Clare to prospective new companies via our website and in person.
7. Created the Small Business Initiative Council to work with entrepreneurs in Clare and Isabella Counties. Results of SBIC efforts are:
 - a. Creation of RLF with USDA funding. One company in Clare, so far, has taken advantage of the loan fund for expansion
 - b. Incubator feasibility study which indicates that a mixed use/arts incubator is feasible in the county. Currently working with all three municipalities in Clare County to further the project of an incubator to assist entrepreneurs in growing their companies.
 - c. Asset Based Community Development – Have been mapping the assets of Clare and posting them on Community Walk. This is an effort to create a desire for vacationers to stop in Clare and visit its many amenities.
 - d. Worked with the SBIC to create a position at the SBTDC for a business counselor dedicated to Clare County alone. That person is working with several folks from the City of Clare to help them start up and grow their companies.
 - e. Received USDA grant to assist companies in Clare County to gain intense research to identify customer base, marketing techniques, and web design. (Economic Gardening) City of Clare has several companies that would qualify for that assistance.
 - f. Through the SBIC, formed the Broadband initiative which resulted in getting all municipalities and libraries connected in Clare County.
 - g. Created and facilitate the Clare County Leadership Institute of which Clare has had several graduates.
8. Call on and provide services, at least once a year, to manufacturing and technology companies in the City of Clare. They are:
 - a. StageRight/Filcon
 - b. Alro Steel
 - c. Letherer Truss and Letherer Walls
 - d. Integrity Fab and Machine
 - e. Integrity Printing
 - f. JD Metalworks
 - g. Northern Dry Bulk
 - h. Robotic Welded Parts
 - i. Northern Logistics
 - j. Northern Pallets
 - k. Mid Michigan Industries

Examples of services provided to these companies are tax abatement application assistance; employee training assistance; access to resources for hiring quality employees; expansion

assistance; access to resources to assist in marketing their business; access to web designers; company to company networking and sales; access to state incentives, marketed company products via MMDC website and Industrial Directory; provide demographic data; access to specialized services and training at CMU and Mid Michigan Community College; access to government procurement assistance, industry diversification assistance; access to safety training and identification of safety issues; access to resources to identify expanded customer base; business ethics training; grant writing opportunities; information regarding finance and funding sources; and more.

9. MMDC represents the City of Clare and all of Clare County on the East Michigan Council of Governments- a planning organization for the East Central portion of Michigan.
10. MMDC researches and monitors grant opportunities for the City of Clare.
11. MMDC writes grants on behalf of the City of Clare for infrastructure and other projects.
12. MMDC is working with the Main Street Economic Restructuring Committee.
13. Brian Anderson is on the Depot Committee.
14. MMDC is available to assist with the Brownfield Redevelopment Authority.

RESOLUTION 2010-084

A RESOLUTION OF THE CLARE CITY APPROVING (THE ANNUAL CONTRACTUAL PAYMENT/ISSUANCE OF NOTICE OF DEFAULT AND CONTRACT TERMINATION) TO MIDDLE MICHIGAN DEVELOPMENT CORPORATION .

WHEREAS, by issuance of its Resolution 2009-052, the Clare City Commission approved a contractual services agreement with the Middle Michigan Development Corporation (MMDC) of Mt. Pleasant, Michigan; and

WHEREAS, said contractual agreement stipulates the payment of an annual services fee of \$12,500 to be paid to Middle Michigan Development Corporation by the City of Clare; and

WHEREAS, the payment of said fee was included in the Payables List submitted to the City Commission for approval at the scheduled July 6, 2010 Clare City Commission meeting; and

WHEREAS, said payment was challenged and subsequently removed from said Payables List for further discussion and decision; and

WHEREAS, the City is contractually obliged to either pay said fee or issue a Notice of Default and Termination to MMDC; and

WHEREAS, the payment of said fee or issuance of said notice was discussed at a scheduled meeting of the Clare City Commission on August 2, 2010; and

WHEREAS, based on said discussion, the Clare City Commission directed (payment of said annual fee/issuance of said notice).

NOW THEREFORE BE IT RESOLVED THAT the City Commission of the City of Clare hereby approves (payment of the contractual annual fee of \$12,500/issuance of a Notice of Default and Termination) to Middle Michigan Development Corporation of Mt. Pleasant, Michigan.

ALL RESOLUTIONS AND PARTS OF RESOLUTIONS INSOFAR AS THEY CONFLICT WITH THE PROVISIONS OF THIS RESOLUTION BE AND THE SAME ARE HEREBY RESCINDED.

The Resolution was introduced by Commissioner _____ and supported by Commissioner _____. The Resolution declared adopted by the following roll call vote:

YEAS:

NAYS:

ABSENT:

Resolution approved for adoption on this 2nd day of August 2010.

Diane Schmidt, City Clerk