

COUNCIL COMMUNICATION

From: The City Manager

Subject: Andersen Water Park Development Project Agreement

Manager's Recommendation:

I recommend that the Andersen Water Park Development Project Agreement ("Agreement") with the Michigan Department of Natural Resources ("DNR") be approved. The Agreement has been approved by me as to substance and by the City Attorney as to form. Furthermore, it is recommended that I or my designee be authorized to execute the Agreement.

Funds from the Trust Fund will be deposited in the State Grants DEQ Account, Number 587-0000-511-5901.

Justification:

The DNR oversees the Michigan Natural Resources Trust Fund ("Trust Fund"). The Trust Fund provides grants to municipalities for projects. The City has submitted several grant applications to the Trust Fund to obtain funds to demolish the slide and other facilities at the Andersen Water Park. On December 8, 2008, City Council approved the first Andersen Water Park Development Project Agreement. Pursuant to the terms of that agreement, the City was awarded a grant from the Trust Fund in the amount of \$51,800.00 for demolition costs. That amount equaled 75% of the costs for the demolition.

Under the terms of this Agreement, the Trust Fund will pay 64% of the construction costs, which equals \$480,000.00. In addition, the City must pay a local match of 36%, which equals \$270,000.00.

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The Trust Fund requires the City to enter into an Agreement to accept the funds. However, there are terms that limit the actions of the City. According to the terms of the Agreement, the City must erect and maintain a plaque on the park entry sign, which designates the project as having been constructed with the assistance of the Trust Fund. The size, color and design of the plaque must be created according to DNR specifications.

In addition, the City currently plans not to charge a fee to park users. However, if the City decides to charge park users a fee, it must submit the fee schedule to the DNR for approval before implementing it. Finally, the terms of the Agreement states that City Council must approve a resolution approving the Agreement and submit it to the DNR. The resolution will be approved in a latter part of the agenda.

Council Action:

Council _____ moved that the recommendation of the City Manager be approved.