

Memorandum

TO: DDA BOARD

Re: Village Council Action Regarding DDA Structure, Legal Analysis, and Next Steps

Date: April 21, 2026

From: Executive Director

The purpose of this memorandum is to provide the Board with a comprehensive summary of recent actions taken by the Village Council regarding the potential restructuring of the Downtown Development Authority (DDA), to outline the DDA's formal position in response to those actions, to summarize the conclusions of the legal opinions obtained, and to describe the practical implications and anticipated next steps.

At its April 13, 2026 Regular Meeting, the Village Council considered the question of whether the DDA Board could be aligned, combined, or otherwise integrated with the Village Planning Commission. During that meeting, a motion was introduced directing the Village Manager to prepare and present an analysis outlining the "pros and cons" of aligning the DDA Board with the Planning Commission for future Council consideration. That motion was approved by Council, formally initiating an administrative review of the concept.

In conjunction with this action, Council discussion reflected a range of perspectives, including questions regarding governance efficiency, financial considerations, and the perceived overlap in community planning functions. At the same time, concerns were raised—both by Council members and in public comment—regarding the legal feasibility of such a restructuring and the potential consequences associated with altering the DDA's statutory role.

In response to the Council's consideration of this concept, the DDA has formally objected to any proposal that would attempt to combine, merge, or transfer the powers of the DDA Board to the Planning Commission. This objection is grounded not in policy preference, but in the legal framework established under Michigan law, which governs the formation, authority, and operation of downtown development authorities.

To provide clarity on this issue, two legal analyses were prepared and are included in the record.

The first, a formal memorandum dated April 10, 2026, analyzes the issue under the Downtown Development Authority Act (PA 197 of 1975, as amended by PA 57 of 2018) and the Michigan Planning Enabling Act. That memorandum concludes unequivocally that the Village may not lawfully combine the DDA Board with the Planning Commission or assign the DDA's statutory powers to that body. The analysis emphasizes that the DDA is a separate public authority created by statute, with independent powers including tax increment financing, property acquisition, and economic development activities within a defined district. By contrast, the Planning Commission

is an advisory and regulatory body, lacking independent financing or development authority. The memorandum further explains that no statutory mechanism exists to transfer or delegate DDA powers to another municipal entity. As a result, the only legally permissible path to eliminate the DDA would be formal dissolution, which requires strict statutory compliance and the full resolution of all financial and contractual obligations. Critically, upon dissolution, all DDA powers—including tax increment financing—terminate and do not transfer to the Village or any other body.

The second opinion, prepared independently and dated April 13, 2026, reaches the same conclusion. It states plainly that there is no statutory authority allowing the Village Council to transfer power from an existing DDA Board to the Planning Commission. The opinion further clarifies that while the DDA Act permits a municipality, at the time of initial formation, to designate a Planning Commission to serve as the DDA Board, there is no authority to make such a change after a DDA has already been established. The opinion also underscores that the statutory requirements governing DDA board composition and member terms are mandatory, and that Council cannot prematurely terminate or restructure the existing board outside of those provisions.

Taken together, these legal opinions establish a clear and consistent conclusion: the concept of combining the DDA Board with the Planning Commission is not supported under Michigan law. The Village is therefore not presented with multiple governance options for administering DDA functions, but rather with a binary legal framework—either maintain the DDA as an independent statutory authority, or pursue formal dissolution and relinquish the powers granted under the Act.

The practical implications of this distinction are significant. If dissolution were pursued, the DDA would cease to exist as a legal entity, and its ability to capture and utilize tax increment revenues would be permanently eliminated. Existing development plans, financial structures, and contractual commitments would need to be resolved prior to dissolution, and the economic development tools currently available through the DDA would no longer be available to the Village in any form. Importantly, those powers cannot be reassigned to the Planning Commission or recreated through administrative action.

Notwithstanding the Council's direction to the Village Manager to prepare a "pros and cons" analysis, the legal framework within which that analysis must operate is well-defined. While administrative or operational considerations may be evaluated, any recommendation suggesting consolidation, transfer of powers, or hybrid governance would be inconsistent with statutory authority and subject to legal challenge.