

CITY COUNCIL MEETING MINUTES FROM AUGUST 11, 2009

The Regular Meeting was called to order by Mayor Peter J. Strazdas at 7:30 p.m.

Mayor Strazdas introduced Deacon Richard Vogel of St. Catherine of Sienna Catholic Church of Portage, who gave the invocation and the City Council and the audience recited the Pledge of Allegiance.

The City Clerk called the roll with the following members present: Councilmembers Elizabeth A. Campbell, Margaret E. O'Brien, Claudette S. Reid, Terry R. Urban and Ted W. Vlieg, Mayor Pro Tem Edward J. Sackley and Mayor Peter J. Strazdas. Also in attendance were City Manager Maurice S. Evans, City Attorney Randall Brown and City Clerk James R. Hudson.

PROCLAMATIONS: Mayor Strazdas issued a Hackett Catholic Central Men's State Champion Golf Team Proclamation, a Hackett Catholic Central Women's State Champion Soccer Team Proclamation and a Portage Senior State Champion Softball Team Proclamation.

APPROVAL OF MINUTES: Motion by O'Brien, seconded by Reid, to approve the July 28, 2009 Regular Meeting Minutes as presented. Upon a voice vote, motion carried 7 to 0.

* **CONSENT AGENDA:** Mayor Strazdas asked Councilmember Vlieg to read the Consent Agenda. Councilmember Urban asked that Item L.1, Bicentennial & Millennium Trail Overlay – Bid Recommendation, be removed from the Consent Agenda. Motion by O'Brien, seconded by Reid, to approve the Consent Agenda Motions as amended. Upon a roll call vote, motion carried 7 to 0.

* **APPROVAL OF CHECK REGISTER OF AUGUST 11, 2009:** Motion by O'Brien, seconded by Reid, to approve the Check Register of August 11, 2009. Upon a roll call vote, motion carried 7 to 0.

PUBLIC HEARING:

STRYKER CORPORATION – APPLICATION FOR PA 198 ABATEMENT: Mayor Strazdas opened the public hearing and introduced Community Development Director Jeffrey Erickson, who reviewed the report from the Administration dated July 30, 2009, which included information regarding the project, the tax abatement process and an overview of the Preliminary Environmental Analysis, the Project Impact Analysis and the Property Tax Analysis. Mr. Erickson restated the recommendation of the City Administration as stated in the City Manager report dated August 4, 2009: that the industrial facilities exemption certificate be approved for a six year period for real property improvements and a three year period for personal property improvements, and that the required tax abatement agreement and the affidavit be approved. He reasoned that this recommendation conforms with established City Council policy; that it is consistent with the industrial facilities exemption certificate granted since the new policy was implemented in April 2008; and, that it acknowledges the Public Act 198 procedure available to the Stryker Corporation, and all other eligible applicants, to request an additional abatement period in the future for the maximum 12-year period permitted by statute. Discussion followed. Mr. Erickson distinguished the cost difference and tax treatment of office equipment and computers proposed within the project. Discussion followed.

Mayor Strazdas asked for the applicant representatives to further explain the project and the equipment involved. Aaron Price of Stryker Corporation explained the metal injection molding process. Discussion followed. In answer to Mayor Strazdas, Attorney Tom King explained why Stryker Corporation is asking for City Council to consider granting a tax abatement for twelve years for real property and twelve years for personal property which is beyond standard City Council policy of six years for real property and three years for personal property. Discussion followed regarding the policy

and the granting of the twelve-year real and personal property as part of the larger incentive package provided Stryker Corporation in order to bring a \$60 million manufacturing investment into the community. Discussion followed.

Councilmember Reid asked for a distinction regarding the computer hardware, software and programming involved in the equipment. Mr. Price explained and indicated that the equipment is state of the art and will outlast the tax abatement.

In answer to Councilmember Urban, Mr. Price indicated that the equipment will not add any noticeable emissions to the community. Discussion followed.

Mayor Strazdas opened the public hearing for public comment. Andrea Stork, 1515 Dogwood, asked who makes up the shortfall of taxes not collected because of the tax abatement. Mayor Strazdas explained that the increase in jobs brings more people who then pay taxes as members of the community, and Mayor Pro Tem Sackley indicated that even though it sounds counterintuitive, when a company obtains a tax abatement, it ultimately pays more in taxes because a percentage of the taxes is abated, but the company pays more in taxes than it would have had the improvements not been made. Discussion followed. Councilmember Reid further explained and concurred that the increase in taxpaying people and the percent increase in investment that is taxed makes up the difference. Councilmember O'Brien assured Ms. Stork that no one's taxes would increase as a result of granting the tax abatement. City Manager Evans indicated that the overall benefit to the community from the project is \$206,000. Mayor Strazdas concurred.

Motion by Sackley, seconded by Reid, to close the public hearing. Upon a voice vote, motion carried 7 to 0. Discussion followed.

In response to Councilmember Urban, City Clerk James Hudson indicated that \$4,925,356 was the staff recommendation for the amount to be abated and did not include \$50,000 worth of computers and/or office equipment. Discussion followed.

Motion by Urban, seconded by Reid, to adopt Resolution No. 4-09, approving the Industrial Facilities Exemption Certificate for the Stryker Corporation facility at 6300 Sprinkle Road for six (6) years on the real property and three (3) years on the personal property in the amount of \$4,925,356; and approve the tax abatement agreement and the affidavit between the City of Portage and the Stryker Corporation. Councilmember Urban spoke in support of the historical tax abatements of six years for real property and three years for personal property and indicated he was also in support of twelve years for real property and twelve years for personal property provided to Stryker Corporation as a part of the larger incentive to locate their manufacturing facility in Portage. He pointed out that they can come back to City Council in the future to ask for the full twelve years for real property and twelve years for personal property under state law, but he saw no compelling reason to grant it now. Councilmember Reid spoke in support of the motion stating that, as Portage is partnering with Stryker and, as new technology goes forward and City Council gets a report in five years, twelve years for real property and twelve years for personal property can be approved at that time. She based her opinion on the fact that she has a fiduciary duty to the citizens of Portage.

Councilmember O'Brien spoke in opposition to the motion and offered a compromise of increasing the number of abatement years for the personal property instead of the real property since most of the investment was in equipment and later advocated a tax abatement for six years for real property and twelve years for personal property. Discussion followed. Councilmember Campbell, Mayor Pro Tem Sackley, Councilmember Vliek and Mayor Strazdas spoke in opposition to the motion. Discussion followed.

Upon a roll call vote, motion failed 5 to 2: Yeas: Councilmembers Urban and Reid. No: Mayor Pro Tem Sackley, Mayor Strazdas, and Councilmembers Vliek, Campbell and O'Brien.

Motion by Campbell, seconded by Vliek, to adopt Resolution No. 4-09, approving the Industrial Facilities Exemption Certificate for the Stryker Corporation facility at 6300 Sprinkle Road for twelve (12) years on the real property and for twelve (12) years on the personal property in the amount of \$4,975,356; and approve the tax abatement agreement and the affidavit between the City of Portage and the Stryker Corporation. Discussion followed. City Attorney Randy Brown indicated that the tax

abatement agreement would not be approved as presented but would reflect the changes articulated in the motion in paragraph number 4. Upon a roll call vote, motion failed 4 to 3: Yeas: Mayor Strazdas and Councilmembers Vliek and Campbell. No: Councilmembers Urban, O'Brien, Reid and Mayor Pro Tem Sackley.

Motion by Sackley, seconded by O'Brien, to adopt Resolution No. 4-09 approving the Industrial Facilities Exemption Certificate for the Stryker Corporation facility at 6300 Sprinkle Road for six (6) years for real property improvements and nine (9) years on the personal property in the amount of \$4,925,356, excluding the furniture and fixtures, and approve the tax abatement agreement and the affidavit between the City of Portage and the Stryker Corporation; also, the Stryker Corporation shall receive an additional three year certificate on the personal property only if requested within the final year the nine year abatement is effective; the applicant has fulfilled all of the terms of the original tax abatement agreement and exceeds either the number of new jobs promised, the number of jobs retained or the estimated project cost (investment) as indicated in the initial industrial facilities exemption certificate application; finally, if the city disapproves of the application for an additional three year certificate based upon noncompliance with the above stated conditions, there is no right of appeal of that decision. Discussion followed.

City Attorney Randy Brown indicated, again, that the tax abatement agreement would not be approved as presented but would reflect the changes articulated in the motion in paragraph number 4. Discussion followed.

Upon a roll call vote, motion carried 6 to 1: Yeas: Councilmembers Urban, Vliek, O'Brien and Reid, Mayor Pro Tem Sackley and Mayor Strazdas. No: Councilmember Campbell. Discussion followed. Resolution recorded on page 345 of City of Portage Resolution Book No. 43.

REPORTS FROM THE ADMINISTRATION:

* **DOWNTOWN DEVELOPMENT AUTHORITY – APPOINTMENT AND CONFIRMATION OF TERMS:** Motion by O'Brien, seconded by Reid, to confirm City Manager appointments to the Portage Downtown Development Authority Board of Directors. Upon a roll call vote, motion carried 7 to 0.

* **DELTA DENTAL CONTRACT RENEWAL:** Motion by O'Brien, seconded by Reid, to award a two-year contract renewal to Delta Dental Plan of Michigan and authorize the City Manager to execute all documents related to the contract renewal on behalf of the city. Upon a roll call vote, motion carried 7 to 0.

* **MINUTES OF BOARDS AND COMMISSIONS:** City Council received the minutes of the:

Portage Historic District Commission of June 3, 2009.

Portage Zoning Board of Appeals of June 8, 2009.

Portage Park Board of July 1, 2009.

Portage Planning Commission of July 2, 2009.

BID TABULATION:

BICENTENNIAL AND MILLENNIUM TRAIL OVERLAY – BID RECOMMENDATION: Councilmember Urban observed that the quality of road maintenance last year was better than that of this year and asked for a delay on the approval of the bid for asphalt improvements to Bicentennial Park Trail and Millennium Trail until further analysis of road maintenance around Portage be provided. Parks & Recreation Director William Deming indicated that the award could be delayed as the work just needed to be completed by late September, early October at the latest. Discussion followed. There was a consensus of City Council that the Administration provide

a report on any work performed on city streets found to be inferior by City Council. Discussion followed. Motion by O'Brien, seconded by Campbell, to accept the low bid submitted by J. Allen Company, Incorporated, in the amount of \$95,731 for Bicentennial Park Trail and Millennium Trail asphalt improvements and authorize the City Manager to execute all documents related to this action on behalf of the city. Upon a roll call vote, motion carried 7 to 0.

OTHER CITY MATTERS:

STATEMENTS OF CITY COUNCIL AND CITY MANAGER: In reference to Item F.2, Delta Dental Contract Renewal, Councilmember Reid indicated that as revenues have been going down, costs have been going up double digitally, and expressed praise for the efforts of the Administration to spread these increases over two years.

Councilmember Urban issued a report on the recent Governmental Long Lake Board action of turning the pump on to increase the level of the water in the lake.

Councilmember Vlieg expressed condolences for the family of retired Police Officer Scott Hurlbert, who recently passed away.

City Manager Evans indicated that the roadwork on Centre Avenue is scheduled to be completed by the end of August and is a good use of stimulus dollars from the Federal Government.

Mayor Strazdas announced his candidacy for Mayor of the City of Portage in the November 3, 2009 General City Election.

ADJOURNMENT: Mayor Strazdas adjourned the meeting at 9:21 p.m.

James R. Hudson, City Clerk