

**FINAL AGENDA FOR THE COUNCIL MEETING  
CITY OF PORTAGE  
August 28, 2012**

7:30 p.m. Call to Order.

Invocation: Rev. Patricia Catellier of Chapel Hill United Methodist Church.

Pledge of Allegiance.

Roll Call.

Proclamation:

A. Approval of the Regular Meeting Minutes of August 14, 2012.

\* B. Approval of Consent Agenda Motions.

\* C. Communication from the City Manager recommending that City Council approve the Accounts Payable Register of August 28, 2012, as presented.

D. Public Hearings:

1. Public Hearing regarding the expansion of Industrial Development District No. 55 for 1716 Vanderbilt Avenue.

a. Communication from the City Manager recommending that City Council adopt:

i. Resolution No. 2-12 expanding Industrial Development District No. 55 and

ii. Resolution No. 3-12 setting a public hearing on the issuance of the Industrial Facilities Exemption Certificate for FEMA Corporation for real and personal property in the estimated amount of \$3.65 million on September 11, 2012.

E. Petitions and Statements of Citizens:

\* 1. Communication from the City Clerk recommending that City Council refer the Water Main Petition for Metsa Court from Portage Road to West End to City Administration for review and report.

F. Reports from the Administration:

\* 1. Communication from the City Manager recommending that City Council resolve to submit an application to the Michigan Liquor Control Commission for a Special License for the sale of beer and wine for consumption on the premises at Celery Flats Historical Area – Hayloft Theatre, 7335 Garden Lane, for *Shindig at the Hayloft* on October 13, 2012, and authorize the City Manager to execute all documents on behalf of the city.

\* 2. Communication from the City Clerk recommending that City Council grant the request for a Microbrew and Small Wine Maker license from Ruth Stoddard of Portage Brewing Company, planned for 7842 Portage Road.

\* 3. Communication from the City Clerk recommending that City Council set a Special Meeting on Tuesday, September 11, 2012, beginning at 6:30 p.m. to interview Planning Commission applicants.

\* 4. Communication from the City Manager recommending that City Council hold a closed session immediately following the regularly scheduled City Council Meeting of August 28, 2012, to discuss a personnel matter.

\* 5. Communication from the City Manager regarding the July 2012 Summary Environmental Activity Report - Information Only.

\* 6. Department Monthly Reports.

G. Communications:

\* 1. Communication from the Michigan Municipal League regarding the Annual Meeting Notice.

2. Communication from Mayor Pro Tem Claudette Reid as Kalamazoo County Council of Governments (COG) Vice President recommending that City Council provide direction to the Portage COG Representatives to approve the revised By-Laws as presented.

H. Unfinished Business:

1. Communication from the City Manager recommending that City Council take final action on an ordinance to amend the Codified Ordinances of the City of Portage to grant Centre Street Village II Limited Dividend Housing Association Limited Partnership a tax exemption, establish a payment in lieu of taxes for the Centre Street Village Apartments located at 2151 East Centre Avenue.
  - a. Withdrawal communication from The Lockwood Companies Direct Asset Management Representative Robert J. Salomon dated August 27, 2012, to Community Development Director Vicki Georreau.

\* I. Minutes of Boards and Commissions Meetings:

1. Portage Public Schools Board of Education Special and Committee of the Whole Work Session of June 4, Special and Regular of June 11, and regular of July 9, 2012.
2. Portage Zoning Board of Appeals of July 9, 2012.
3. Portage Youth Advisory Committee of July 30, 2012.
4. Portage Planning Commission of August 2, 2012.

J. Ad-Hoc Committee Reports:

K. New Business:

L. Bid Tabulations:

- \* 1. Communication from the City Manager recommending that City Council approve the purchase of ice control salt from:
  - a. Detroit Salt Company in the low bid amount of \$45.21 per ton for 1,500 tons at a total cost not to exceed \$67,815 for early delivery;
  - b. Detroit Salt Company in the low bid amount of \$54.91 per ton for 1,100 tons at a total cost not to exceed \$60,401 for seasonal back up on an as-needed basis;and authorize the City Manager to execute all documents related to these purchases on behalf of the city.
- \* 2. Communication from the City Manager recommending that City Council award a contract for the planting and maintenance of 141 evergreen trees on Michigan Department of Transportation property to Spruce Trees Direct, LLC, of Byron Center, Michigan, in the amount of \$65,320 and authorize the City Manager to execute all documents related to this agreement on behalf of the city.

M. Other City Matters:

1. Statements of Citizens.
2. From City Council and City Manager.

\* 3. Reminder of Meetings:

- a. Wednesday, September 5, 8:15 a.m., Historic District Commission, City Hall Room #3.
- b. Wednesday, September 5, 6:30 p.m., Park Board, Westfield Park followed by Harbors West Park.
- c. Thursday, September 6, 6:30 p.m., Human Services Board, City Hall Room #1.
- d. Thursday, September 6, 7:00 p.m., Planning Commission, Council Chambers.
- e. Monday, September 10, 6:30 p.m., Youth Advisory Committee, City Hall Room #1.
- f. Monday, September 10, 7:00 p.m., Zoning Board of Appeals, Council Chambers.

N. Materials Transmitted of August 14, 2012.

Adjournment.

# CITY COUNCIL MEETING SUMMARY

August 14, 2012

## CHECK REGISTER

- ◆ Approved the Check Register of August 14, 2012, as presented.

## PUBLIC HEARINGS

- ◆ Approved the Trade Centre Holdings, LLC, Conceptual Plan Amendment, 420 and 750 Trade Centre Way.

## REPORTS FROM THE ADMINISTRATION

- ◆ Accepted the application for an industrial tax abatement for 1716 Vanderbilt Avenue; and adopted Resolution No. 1-12 setting a public hearing on the expansion of Industrial Development District No. 55 for 1716 Vanderbilt Avenue on August 28, 2012.
- ◆ Approved the Preliminary Plat of Oakland Farms North, subject to the conditions identified in the September 9, 2011 Department of Community Development report.
- ◆ Accepted for first reading an ordinance to amend the Codified Ordinances of the City of Portage to grant Centre Street Village II Limited Dividend Housing Association Limited Partnership a tax exemption, establish a payment in lieu of taxes for the Centre Street Village Apartments located at 2151 East Centre Avenue; and take final action on August 28, 2012.
- ◆ Approved the Final Site Plan for Verizon Wireless (mono-pine), 8080 Oakland Drive.
- ◆ Approved the expenditure for four police vehicle equipment retrofits by Emergency Vehicle Products, in an amount not to exceed \$39,600.48, and authorized the City Manager to execute all documents related to this matter on behalf of the city.
- ◆ Adopted the Resolution Designating Polling Places and Rate of Compensation for the November 6, 2012 General Election.

## COMMUNICATION

- ◆ Received the request from Ms. Theresa Lockhart for a Resolution Against Fracking.

## UNFINISHED BUSINESS

- ◆ Accepted reconsideration of Rezoning Application #11-04 for first reading and set a public hearing for September 11, 2012, at 7:30 p.m. or as soon thereafter as may be heard; and subsequent to the public hearing, consider approving Rezoning Application #11-04 and rezone 7932 Lakewood Drive, 707, 743, 775 and 903 East Centre Avenue, and the southern 264-foot of 801, 809, 815, 821 and 827 East Centre Avenue to OS-1, office service, with the northern 198-foot of 801, 809, 815, 821 and 827 East Centre Avenue to remain zoned R-1A, one family residential.
- ◆ Approved a change to the *City Council Best Practices on Formation of City Council Committees and Responsibilities*.

## NEW BUSINESS

- ◆ Requested that City Administration study multiple fundraiser donation boxes appearing on properties in Portage and report back to Council. The report will include existing box locations, applicable regulations, ordinances and traffic flow concerns and staff recommendations.

## BID TABULATIONS

- ◆ Accepted the low bid submitted by Interstate Sealant & Concrete of Waukesha, Wisconsin, in the amount of \$27,720 for select major street asphalt crack sealing repairs and authorized the City Manager to execute all documents related to this action on behalf of the city.

## STATEMENTS OF CITIZENS

- ◆ Elizabeth Chiaravalli, 412 Elm Street, Kalamazoo, stated that she would like to see City Council provide as much discussion and consideration on fracking as it provided to the topic of where City Council committees should meet or the presence of charitable donation boxes. She then implored City Council to conduct a study of fracking just as it proposed a study of the charitable donation boxes.

## STATEMENTS OF CITY COUNCIL AND CITY MANAGER

- ◆ Councilmember Urban reminded the community of the upcoming meeting of the Long Lake Governmental Lake Board. He stated that this meeting is to determine whether to continue forward with a weed management plan.
- ◆ City Manager Evans reported that the Administration would be advertising for the Planning Commission vacancy. Mayor Strazdas stated that a special meeting to interview the applicants for the vacancy would be determined at the August 28<sup>th</sup> City Council Meeting.
- ◆ Mayor Pro Tem Reid informed the public that she had the honor of representing the Mayor and City Council at a recent Eagle Scout Court of Honor ceremony and expressed gratitude for being able to witness the leadership and dedication of the youth at the ceremony. She also announced that the Arts Council has selected the Public Media Network for recognition for their contribution to arts in the community.
- ◆ Mayor Strazdas shared that he recently attended the Great Lakes Center for Autism and Research and that we are blessed to have such a world-class facility in Portage. He also shared that he recently attend an Eagle Scout Court of Honor for an individual who has struggled with autism and that he is proud to have such youth in the community.

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**COMPLETE MINUTES OF EACH CITY COUNCIL MEETING ARE AVAILABLE ON THE CITY WEBSITE AT PORTAGEMI.GOV, IN CITY HALL AND IN THE DISTRICT LIBRARY. MINUTES OF CITY BOARDS AND COMMISSIONS ARE AVAILABLE ON REQUEST FROM VARIOUS DEPARTMENTS.**

## CITY COUNCIL MEETING MINUTES FROM AUGUST 14, 2012

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The Regular Meeting was called to order by Mayor Strazdas at 7:32 p.m.

At the request of Mayor Strazdas, Father Robert Creagan of St. Catherine of Siena Catholic Church gave an invocation and City Council and the audience recited the Pledge of Allegiance.

The Deputy City Clerk called the roll with the following members present: Councilmembers Elizabeth A. Campbell, Jim Pearson, Patricia M. Randall, Edward J. Sackley, Terry R. Urban, Mayor Pro Tem Claudette S. Reid and Mayor Peter J. Strazdas. Also in attendance were City Manager Maurice S. Evans, City Attorney Randy Brown and Deputy City Clerk Adam Herringa.

**APPROVAL OF MINUTES:** Upon a voice vote, the July 24, 2012 Regular Meeting Minutes were approved as presented. The vote was 5 to 0 with Councilmember Urban and Councilmember Sackley abstaining.

\* **CONSENT AGENDA:** Mayor Strazdas asked Councilmember Pearson to read the Consent Agenda. Councilmember Randall asked that Item F.5, Police Vehicle Equipment Changeover, be removed from the Consent Agenda. Motion by Pearson, seconded by Reid, to approve the Consent Agenda motions as amended. Upon a roll call vote, motion carried 7 to 0.

\* **APPROVAL OF ACCOUNTS PAYABLE REGISTER OF AUGUST 14, 2012:** Motion by Pearson, seconded by Reid, to approve the Accounts Payable Register of August 14, 2012. Upon a roll call vote, motion carried 7 to 0.

### **PUBLIC HEARINGS:**

**CONCEPTUAL PLAN AMENDMENT FOR TRADE CENTRE HOLDINGS, LLC, 420 AND 750 TRADE CENTRE WAY:** Mayor Strazdas asked Department of Community Development Director Vicki Georgeau to review the Conceptual Plan Amendment. Director Georgeau provided an overview of the project and a brief history of the property involved. She also explained the height modification and modified setback requests associated with the project. Director Georgeau reviewed the support of the Planning Commission for the project and that of neighboring properties. She also emphasized the wetland mitigation that has been and will be completed. Councilmembers Sackley and Urban inquired as to the height of the proposed building as it relates to the existing two office buildings. Specifically they inquired about the starting grade for the proposed structures as compared to the starting grade for the existing structures. Director Georgeau explained that the proposed buildings would be in character with current structures and that the height differential would be minimal. She deferred to the developer for exact information.

Mr. Greg Dobson, American Village Builders, 4200 W. Centre Avenue, Portage, spoke in support of the project and emphasized his appreciation for the staff and elected officials of the City of Portage in supporting this development. He also highlighted his appreciation for support in relocating West Fork Crossing and in the wetland mitigation. He then informed City Council that construction of a Courtyard by Marriott would begin on Wednesday, August 15<sup>th</sup>. The property of the Marriott, he stated, was in the process of being sold to TMI of South Dakota. In response to the height questions posed by Councilmembers Urban and Sackley, Mr. Dobson stated that the starting grade for the existing buildings was 860.5 feet and the proposed buildings would be at 858.7 feet.

Mayor Strazdas expressed support for the development, his pleasure with the transformation of the gateway to the community and inquired as to what is being done to ensure there will be a similar architectural relationship between each building. Mr. Dobson pointed out there are architectural restrictions on the restaurant pads and shared a rendering of the proposed office building. He reassured City Council that any future buildings will stay true to the designs of the existing structures. Mayor

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Strazdas then inquired as to the timeframe for development. Mr. Dobson replied that construction of a hotel and related restaurant was imminent, construction of a second hotel is envisioned to begin in about one year and that a related restaurant was likely. Mr. Dobson then said that there was nothing definite related to the construction of a third office building.

Mr. Joe Gesmundo, American Village Builders, spoke in support of the project and was complimentary to City Council and staff for their support and effort in transforming a former unattractive area of the City of Portage into something that the entire Portage and Kalamazoo community can be proud of. Discussion followed.

Motion by Urban, seconded by Randall to close the public hearing. Upon a voice vote, motion carried 7 to 0. Councilmember Urban inquired of Attorney Brown if the various modifications to heights and setbacks needed to be enumerated in the motion. Attorney Brown deferred to Director Georgeau who explained that these requested modifications are considered to be included in the Conceptual Plan. Attorney Brown then stated that, given this, all that is needed is a motion to approve the Conceptual Plan. Motion by Urban, seconded by Sackley, to approve the Trade Centre Holdings, LLC, Conceptual Plan Amendment, 420 and 750 Trade Centre Way. Several members of City Council thanked Mr. Gesmundo, American Village Builders and other developers for working so diligently to implement exciting developments in their home community. They also expressed gratitude that the developments take place in close partnership with all interested parties. Upon a roll call vote, motion carried 7 to 0.

**REPORTS FROM THE ADMINISTRATION:**

\* **FEMA CORPORATION – PA 198 TAX ABATEMENT:** Motion by Pearson, seconded by Reid, to accept the application for an industrial tax abatement for 1716 Vanderbilt Avenue; and adopt Resolution No. 1-12 setting a public hearing on the expansion of Industrial Development District No. 55 for 1716 Vanderbilt Avenue on August 28, 2012. Upon a roll call vote, motion carried 7 to 0. Resolution recorded on page 425 of City of Portage Resolution Book No. 44.

\* **PRELIMINARY PLAT OF OAKLAND FARMS NORTH, 9810 OAKLAND DRIVE:** Motion by Pearson, seconded by Reid, to approve the Preliminary Plat of Oakland Farms North, subject to the conditions identified in the September 9, 2011 Department of Community Development report. Upon a roll call vote, motion carried 7 to 0.

\* **TAX EXEMPTION FOR CENTRE STREET VILLAGE APARTMENTS:** Motion by Pearson, seconded by Reid, to accept for first reading an ordinance to amend the Codified Ordinances of the City of Portage to grant Centre Street Village II Limited Dividend Housing Association Limited Partnership a tax exemption, establish a payment in lieu of taxes for the Centre Street Village Apartments located at 2151 East Centre Avenue; and take final action on August 28, 2012. Upon a roll call vote, motion carried 7 to 0.

\* **FINAL SITE PLAN FOR VERIZON WIRELESS (MONO-PINE), 8080 OAKLAND DRIVE:** Motion by Pearson, seconded by Reid, to approve the Final Site Plan for Verizon Wireless (mono-pine), 8080 Oakland Drive. Upon a roll call vote, motion carried 7 to 0.

**POLICE VEHICLE EQUIPMENT CHANGEOVER:** Councilmember Randall stated that she takes the budget process seriously and recalls asking staff about the types of vehicles that are being purchased and was told that they were sedans, not SUVs. She then stated that the vehicles involved in this changeover are Chevy Tahoe's. She expressed concern about the added operating costs of SUVs versus sedans and the cost of the changeover per vehicle. City Manager Evans explained that the purchases were implemented last October and delivery was only recently made. He stated that he takes the concerns of Councilmember Randall to heart. He continued by stating that quotes were obtained, a low bid awarded and he then reviewed the number of items involved in a retrofit. City Manager Evans

stated that he hoped these vehicles would last longer than more traditional vehicles but that the agenda item for tonight is strictly for a retrofit, not for new vehicles. Councilmember Pearson asked that City Administration be mindful of the concerns expressed regarding vehicle purchases. Motion by Sackley, seconded by Reid, to approve the expenditure for four police vehicle equipment retrofits by Emergency Vehicle Products, in an amount not to exceed \$39,600.48, and authorize the City Manager to execute all documents related to this matter on behalf of the city. Upon a roll call vote, motion carried 7 to 0.

\* **ELECTION POLLING PLACES AND RATE OF COMPENSATION RESOLUTION:** Motion by Pearson, seconded by Reid, to adopt the Resolution Designating Polling Places and Rate of Compensation for the November 6, 2012 General Election. Upon a roll call vote, motion carried 7 to 0. Resolution recorded on page 429 of City of Portage Resolution Book No. 44.

**COMMUNICATION:**

**RESOLUTION AGAINST FRACKING:** Mayor Strazdas asked City Manager Evans if he had any comments. Mr. Evans stated that he had no comments related to the topic but that, in the future, City Administration would simply bring similar communications to City Council without a specific recommendation.

Elizabeth Chiaravalli, 412 Elm Street, Kalamazoo, commended City Council on their focus on environmental health and wellness. She then stated that a ban on fracking would be a continued demonstration of this commitment. Ms. Chiaravalli reviewed the process of fracking, the potential hazards involved and the importance of communities taking a stand. She asked City Council to support a ban on fracking in Portage.

Mr. Tim Earl, 6862 Shallowford Way expressed concern about local government weighing into what he considers to be a national debate. He stated that the federal government has asked the Environmental Protection Agency to look into fracking and questioned the expertise of a local government to make a sound policy decision. Mr. Earl suggested that the scientific community is looking into fracking and has yet to come to a consensus and stated that the group behind the requested ban is trying to use local communities as pawns in a larger debate.

Mayor Strazdas stated that Portage City Council has not historically taken a position on national and state issues instead focusing on issues that are local. Councilmember Sackley shared that this is a topic being actively discussed in the local community and that there is a wealth of local information and resources on which to draw related to this topic. Motion by Sackley, seconded by Urban, to receive the communication from Theresa Lockhart requesting consideration of a Resolution Against Fracking. Councilmember Urban reiterated that this City Council has not historically taken a stance on political issues instead focusing on the local community and sees no reason to change. He also expressed concern about some of the language used and positions taken in the requested resolution. Mayor Pro Tem Reid thanked Ms. Chiaravalli for raising the issue and agreed with other comments that it is not appropriate for City Council to take on this resolution. Upon a roll call vote, motion carried 7 to 0.

Ms. Chiaravalli spoke and shared that the Michigan Department of Natural Resources is holding an auction of mineral rights in October and that fracking may quickly be coming to Portage. She shared a letter from the DNR to surface owners that the mineral rights under their homes and properties could be auctioned and highlighted a sale of mineral rights in Yankee Springs in Barry County as an example. She then asked City Council to educate themselves and to better understand the topic of fracking.

**UNFINISHED BUSINESS:**

\* **REZONING APPLICATION #11-04, EAST CENTRE AVENUE BETWEEN LAKEWOOD DRIVE AND GARDEN LANE – CITY COUNCIL RECONSIDERATION:** Motion by Pearson, seconded by Reid, to accept reconsideration of Rezoning Application #11-04 for

first reading and set a public hearing for September 11, 2012, at 7:30 p.m. or as soon thereafter as may be heard; and subsequent to the public hearing, consider approving Rezoning Application #11-04 and rezone 7932 Lakewood Drive, 707, 743, 775 and 903 East Centre Avenue, and the southern 264-feet of 801, 809, 815, 821 and 827 East Centre Avenue to OS-1, office service, with the northern 198-feet of 801, 809, 815, 821 and 827 East Centre Avenue to remain zoned R-1A, one family residential. Upon a roll call vote, motion carried 7 to 0.

**CITY COUNCIL BEST PRACTICES ON FORMATION OF CITY COUNCIL COMMITTEES AND RESPONSIBILITIES:** Mayor Strazdas opened the discussion and asked City Council to begin reviewing the document and offering suggested changes. City Council reviewed the document one section at a time. Councilmember Pearson highlighted the statement “committee meetings must take place in City Hall” and suggested that it be changed to “committee meetings must take place in a public place, normally in Portage City Hall.” Councilmember Pearson then reviewed the rationale for his suggestion. Councilmember Sackley expressed concerns with holding meetings at a location other than City Hall and discussed how such a meeting could be arranged. City Attorney Brown opined that wherever a meeting is held it must be properly noticed. There was a question of accessibility and Attorney Brown stated that most public places should be accessible and that, if not a specific legal requirement, it should be taken into consideration and included. There was debate as to whether a meeting could or should be held in a “public place” or a “publicly owned place.” Mayor Pro Tem Reid and Councilmember Urban expressed support for holding committee meetings in City Hall. Councilmember Randall expressed support for committees being able to meet in publicly owned locations and that this flexibility would be a service to residents. Councilmember Campbell expressed support for holding meetings at locations other than City Hall.

Councilmember Pearson restated his suggestion by offering that “committee meetings must take place in a publicly owned location, fully ADA accessible, but normally Portage City Hall.” Discussion followed regarding transparency, the use of City Hall conference rooms, any potential confusion and how City Council and the public could be notified of meetings outside of City Hall.

Councilmember Sackley suggested that the language state something similar to “committee meetings must take place at City Hall unless otherwise approved by City Council.” Mayor Strazdas asked each Councilmember for their opinion on the topic and summarized that there is consensus that most every meeting would be in City Hall. However, Mayor Strazdas stated that one proposal offers more flexibility in meeting outside of City Hall and the other is more forceful in holding meetings at City Hall. Mayor Strazdas asked City Council to work toward a final consensus. Discussion followed on how both City Council and the public could be notified of a meeting outside of City Hall and what role City Council could or should have with approving such a meeting.

Councilmember Pearson provided an example of a situation in which a committee meeting might need to be held at a location other than City Hall. Mayor Pro Tem Reid highlighted the need for appropriate notice and how that might be achieved. Mayor Strazdas stated that his position is that a committee should not need permission from City Council to meet outside of City Hall but emphasized the importance of providing as much notice as possible. Discussion followed on the matter of ensuring the public is properly noticed of committee meetings especially if a meeting date and time should change.

City Attorney Brown pointed out that the policy under discussion was adopted at the last meeting but that eventually a motion will need to be made to alter the policy. Mr. Brown clarified what constitutes a “publicly owned building” and offered the following language for consideration by City Council: “committee meetings shall take place at City Hall except that a meeting may take place at a publicly owned location in the City after notice is given at a regularly scheduled City Council Meeting.” Discussion on the proposed motion followed. Councilmember Sackley inquired how City Council would be notified. Attorney Brown stated that it could be included as an agenda item or in the “Reminder of Meetings” but would not be subject to approval by City Council. Motion by Pearson, seconded by Sackley, to modify the language of the *City Council Best Practices on Formation of City Council Committees and Responsibilities* by replacing the language “committee meetings must take

place in City Hall” with “committee meetings shall take place at City Hall except that a meeting may take place at a publicly owned location in the City after notice is given at a regularly scheduled City Council Meeting.” Upon a voice vote, motion carried 7 to 0.

Mayor Strazdas asked City Council for their thoughts on other parts of the policy. Councilmember Randall expressed concern with the language “use of city staff” in the sentence “Committees will not be empowered to make final decisions on any governmental policy, nor any matter involving the expenditure of city funds, resources and/or the use of city staff.” She stated that city staff must be used to be able to provide committees with information they need to conduct their business. City Manager Evans stated that it is the duty of the City to provide committees with the staff they need to conduct their work. Mayor Strazdas stated that City Administration has gone on record that they would provide committees with the resources needed to conduct their business unless the request is too onerous and that, if the request is deemed onerous, would communicate this fact back to the committee. Councilmember Pearson suggested that the phrase “use of city staff” be replaced with “and/or the direction of city staff.” There was discussion on the definition of “use” and “direction.” Mayor Strazdas suggested the phrase “that city staff must provide reasonable resources” be worked into the policy. Attorney Brown pointed out that a committee of three councilmembers cannot direct City Administration to do anything unless empowered by City Council. After discussion, no change was made to the language as there was consensus that City Administration would provide committees with reasonable support.

Councilmember Pearson inquired of City Attorney Brown whether a committee was limited specifically to their charge because oftentimes unanticipated yet related issues come up. Attorney Brown said that it becomes a judgment call because related issues will always come up. He continued by stating that it would be too limiting for a committee to focus exclusively on a particular charge. Councilmember Sackley agreed and provided examples but suggested that whenever issues overlap it would make sense for the committee chairmen to come together to address the matter and, if necessary, to bring the matter back to City Council for resolution.

There was no other discussion on the *City Council Best Practices on Formation of City Council Committees and Responsibilities*. Mayor Strazdas thanked City Council for the discussion.

\* **MINUTES OF BOARDS AND COMMISSIONS:** City Council received the minutes for the following boards and commissions:

- Portage Human Services Board of May 3, 2012.
- Portage Environmental Board of June 13, 2012.
- Portage Senior Citizens Advisory Board of June 20, 2012.
- Portage Park Board of July 11, 2012.
- Portage Youth Advisory Committee of July 16, 2012.
- Portage Construction Board of Appeals Draft of July 30, 2012.

**AD HOC COMMITTEE REPORT:**

**CITY MANAGER EVALUATION AND COMPENSATION COMMITTEE:**

Councilmember Urban stated that this committee has had two meetings and that a recommendation on compensation would be forthcoming at the next City Council Meeting. He then shared the reasons why the recommendation is a little later than usual. Attorney Brown stated that reports of committees must be accepted by a motion. Councilmember Randall inquired if, under the *City Council Best Practices on Formation of City Council Committees and Responsibilities* policy, written notes must be taken from committee meetings and submitted to the City Clerk for inclusion in the agenda. Discussion followed. Attorney Brown stated that reports should only be given if notes are part of the agenda packet so therefore there is written communication. Mayor Strazdas thanked Attorney Brown and stated that, based on this, no report was given. Councilmember Urban withdrew his report. Councilmember Pearson shared that he recalled City Attorney Brown opining that if a committee held an initial meeting

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and no decisions were made, an oral report would be acceptable. He expressed that it is good to know publicly that a committee had met. Attorney Brown stated that a report like the one just given would be acceptable except that notes of the meeting would need to be provided to the Office of the City Clerk for inclusion in the agenda. Councilmember Sackley, who is on the City Manager Evaluation and Compensation Committee, stated that information about their meeting would be included in the next City Council Agenda Packet in order to comply with the policy.

**NEW BUSINESS:**

**CLOTHING DONATION BOXES:** Councilmember Pearson raised the topic of the various large and colorful clothing/donation boxes that are appearing at numerous locations around Portage. He asked Councilmembers to comment on whether city staff should be asked to look at these boxes, not necessarily the charities behind them, as to whether they comply with city ordinances and, if so, whether some type of regulatory framework should be put in place. Councilmember Urban stated that when this issue was initially raised there was only one in Portage and now there are many more. He stated that he would like to see, not only the boxes, but the owners of the boxes investigated, especially those owned by for-profit companies. Mayor Strazdas stated his support and asked City Administration to provide a report on where these boxes are located, what ordinances may be applicable and, if this is happening elsewhere, are there any best practices that can be utilized. Mayor Pro Tem Reid asked, in addition to the three tasks raised by the Mayor, if the report could include information on what the traffic patterns around these boxes are from an access and safety standpoint.

Councilmember Sackley shared a conversation he had with a local non-profit about the matter. He also shared that he recently asked City Administration for research on this topic and that Administration indicated that the City is limited on what can be done to regulate the boxes. He stated that, from an ordinance standpoint, perhaps those operated by for-profit organizations or non-profit boxes that have advertising could be regulated as signs. He then discussed the various business relationships involved in placing the boxes on a property and expressed support in City Administration looking into this topic. Motion by Pearson, seconded by Randall, “that City Council have staff study multiple fundraiser donation boxes appearing on properties in Portage and report back to Council. The report will include existing box locations, applicable regulations, ordinances and traffic flow concerns and staff recommendations.” Councilmember Sackley asked that staff work with other governmental units on the topic. Upon a voice vote, motion carried 7 to 0.

**BID TABULATIONS:**

**\* MAJOR STREET ASPHALT CRACK SEALING REPAIR – BID**

**RECOMMENDATION:** Motion by Pearson, seconded by Reid, to accept the low bid submitted by Interstate Sealant & Concrete of Waukesha, Wisconsin, in the amount of \$27,720 for select major street asphalt crack sealing repairs 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 CITIZENS:** Elizabeth Chiaravalli, 412 Elm Street, Kalamazoo, stated that she would like to see City Council provide as much discussion and consideration on fracking as it provided to the topic of where City Council committees should meet or the presence of charitable donation boxes. She then implored City Council to conduct a study of fracking just as it proposed a study of the charitable donation boxes.

**STATEMENTS OF CITY COUNCIL:** Councilmember Urban reminded the community of the upcoming meeting of the Long Lake Governmental Lake Board. He stated that this meeting is to determine whether to continue forward with a weed management plan.

Mayor Strazdas asked City Manager Evans to review the plan for the vacancy on the Planning Commission during his closing comments. City Manager Evans stated that a report has been provided regarding a vacancy on the Planning Commission and whether City Council would like to hold a special meeting to make the appointment. Mayor Strazdas asked City Administration to advertise the vacancy and for Councilmembers to solicit applicants and that an interview time be determined at the meeting of August 28<sup>th</sup>. Councilmember Sackley emphasized the importance of attendance at the meetings of the boards and commissions. He asked that the importance of attendance be emphasized to the members of the Planning Commission. Mayor Strazdas stated that this has not been an on-going issue for the Planning Commission but that there was a recent incident in which there was not a quorum. He concluded by asking that an interview time be determined at the next City Council Meeting.

Mayor Pro Tem Reid informed the public that she had the honor of representing the Mayor and City Council at a recent Eagle Scout Court of Honor ceremony and expressed gratitude for being able to witness the leadership and dedication of the youth at the ceremony. She also announced that the Arts Council has selected the Public Media Network for recognition for their contribution to arts in the community.

Mayor Strazdas shared that he recently attended the Great Lakes Center for Autism and Research and that we are blessed to have such a world-class facility in Portage. He also shared that he recently attend an Eagle Scout Court of Honor for an individual who has struggled with autism and that he is proud to have such youth in the community.

**ADJOURNMENT:** Mayor Strazdas adjourned the meeting at 10:10 p.m.

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Adam Herringa, Deputy City Clerk

**\*Indicates items included on the Consent Agenda.**

**CITY OF PORTAGE**

**COMMUNICATION**

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**TO:** Honorable Mayor and City Council

**DATE:** August 20, 2012

**FROM:** Maurice S. Evans, City Manager



**SUBJECT:** Accounts Payable Register

**ACTION RECOMMENDED:** That City Council approve the Accounts Payable Register of August 28, 2012 as presented.

Attached please find the Accounts Payable Register for the period August 5, 2012 through August 19, 2012, which is recommended for approval.

c: Daniel S. Foecking, Finance Director

\*ALL\*  
 BANK CODE

CHECK DATE	CHECK NUMBER	VENDOR NAME	VENDOR #	CHECK AMOUNT
08/08/2012	281887	CITY OF KALAMAZOO (TRANS MILLIA	4649	20,712.66
08/08/2012	281888	COMSTOCK PUBLIC SCHOOLS	1671	8,062.74
08/08/2012	281889	HOT THREADS	4440	1,610.00
08/08/2012	281891	PETTY CASH-PARKS	536	343.39
08/08/2012	281892	RELIABLE ASPHALT, LLC	4773	3,225.00
08/10/2012	281893	IAAO LOCKBOX	3146	600.00
08/10/2012	281894	LERMA, INC	4156	50.00
08/10/2012	281895	MCD A	999999	225.00
08/10/2012	281896	MICH DEPT OF LICENSING	999999	150.00
08/10/2012	281897	PETTY CASH-PARKS	536	417.67
08/17/2012	281898	AT&T	849	3,966.05
08/17/2012	281899	ACE PARKING LOT STRIPING, INC.	459	431.00
08/17/2012	281900	ADAMS, MARY	999999	100.00
08/17/2012	281901	AGRO SALES NORTH LLC	3943	176.01
08/17/2012	281902	ALLEGRA PRINT & IMAGING	533	589.14
08/17/2012	281903	J. ALLEN & CO. INC.	67	27,686.05
08/17/2012	281904	ALPERS, JOSIE	999999	100.00
08/17/2012	281905	TODD ARBANAS ENTERPRISES INC.	1704	3,400.00
08/17/2012	281906	ADP, INC.	3305	905.37
08/17/2012	281907	AUTOMATION DESIGN & ENTERTAINM	2906	530.00
08/17/2012	281908	AUTOMOTIVE CONCEPTS CARSTAR	4399	573.60
08/17/2012	281909	BAILEY CONTRACTORS INC., ROBER	771	2,389.00
08/17/2012	281910	BAKER, MICHAEL	654	118.75
08/17/2012	281911	BALKEMA EXCAVATING, INC.	130	1,407.00
08/17/2012	281912	LEWIS BENDER G	3777	2,277.22
08/17/2012	281913	BEREAN BAPTIST CHURCH	999999	70.00
08/17/2012	281914	BESCO WATER TREATMENT, INC.	3339	5.00
08/17/2012	281915	BLUE CROSS/BLUE SHIELD OF MICH	642	97,631.61
08/17/2012	281916	BOHRER, GREGORY	999999	42.65
08/17/2012	281917	BORGESS HEALTH ALLIANCE	151	956.00
08/17/2012	281918	BRINK'S, INC	153	258.71
08/17/2012	281919	BYHOLT INC.	68	1,306.16
08/17/2012	281920	BYHOLT, INC.	4768	80.00
08/17/2012	281921	C T S TELECOM, INC.	999999	674.17
08/17/2012	281922	CANNEY, SCOTT	999999	72.16
08/17/2012	281923	CASH REGISTER SALES & SERVICE	2619	84.00
08/17/2012	281924	CHARTER COMMUNICATIONS	3080	378.58
08/17/2012	281925	CHEM LINK INC	999999	100.00
08/17/2012	281926	CITY OF GRAND RAPIDS	4702	225.00
08/17/2012	281927	CITY OF KALAMAZOO (TRANS MILLIA	4649	15,955.48
08/17/2012	281928	CITY OF KALAMAZOO TREASURER	540	1,316.42
08/17/2012	281929	CITY OF PORTAGE	177	22,685.00
08/17/2012	281930	CITY OF PORTAGE	177	2,123.00
08/17/2012	281931	CLARK, RONALD	532	28.13
08/17/2012	281932	CLINGENPEEL, DAVID	4786	160.00
08/17/2012	281933	COMSTOCK PUBLIC SCHOOLS	1671	728.89
08/17/2012	281934	CONSUMERS ENERGY	743	38,781.49
08/17/2012	281936	CONSUMERS ENERGY-BILL PMT CNT	189	55,492.22
08/17/2012	281937	CORNERSTONE OFFICE SYSTEMS	1920	14,494.00
08/17/2012	281938	COUNTERMAN, LAVONNE	999999	55.00
08/17/2012	281939	DELTA COLLEGE	4532	500.00

PROGRAM: GM350L FROM 08/05/2012 TO 08/19/2012 BANK CODE \*ALL\*

CHECK DATE	CHECK NUMBER	VENDOR NAME	VENDOR #	CHECK AMOUNT
08/17/2012	281940	DEPATIE FLUID POWER CO., INC.	211	393.59
08/17/2012	281941	DEVON TITLE AGENCY	999999	665.70
08/17/2012	281942	DODGE, RICHARD	999999	19.67
08/17/2012	281943	DUNCKEL, KATE	999999	110.00
08/17/2012	281944	ED & TED'S EXCELLENT ADVENTURE	3315	20,170.00
08/17/2012	281945	EMERGENCY VEHICLE PRODUCTS	2948	7,211.48
08/17/2012	281946	FADER EQUIPMENT, INC.	688	674.84
08/17/2012	281947	FARM N GARDEN	833	154.20
08/17/2012	281948	FAWLEY OVERHEAD DOOR, INC.	690	225.00
08/17/2012	281949	FDC ENTERPRISES, INC.	999999	80.00
08/17/2012	281950	FIDLAR COMPANIES	219	919.85
08/17/2012	281951	FRANCIS, DIANA	999999	50.00
08/17/2012	281952	GALL'S, AN ARAMARK COMPANY	25	27.37
08/17/2012	281953	GORDON WATER SYSTEMS	517	49.50
08/17/2012	281954	GOVERNMENT FINANCE OFFICERS AS	42	425.00
08/17/2012	281955	GRIFFIN PEST CONTROL, INC.	58	45.00
08/17/2012	281956	HAMILTON, SHIRLEY	999999	45.00
08/17/2012	281957	HARGUS, ELIZABETH	999999	45.00
08/17/2012	281958	HARTMAN, CHARLES	913	164.50
08/17/2012	281959	HAUN, KEVIN L	674	164.50
08/17/2012	281960	HEARTLAND SERVICES, INC.	3179	947.75
08/17/2012	281961	HELMUS PLUMBING SERVICE, INC.	2176	1,821.00
08/17/2012	281962	HIGHFIELD, TERRY	999999	107.00
08/17/2012	281963	HOADLEY, LEO	4228	44.00
08/17/2012	281964	HOCKEY SERVICES	2898	279.98
08/17/2012	281965	HOME DEPOT	691	859.69
08/17/2012	281966	HOMETOWN URGENT CARE AND WORKC	4752	255.00
08/17/2012	281967	HONEYWELL, INC.	4030	550.00
08/17/2012	281968	HUDSON, JIM	532	116.55
08/17/2012	281969	IBEX INSURANCE AGENCY, INC.	921	3,767.90
08/17/2012	281970	INT'L PERSONNEL MGMT ASSOC	1048	1,059.66
08/17/2012	281971	THE IRRIGATOR	2047	3,427.58
08/17/2012	281972	IRVING, NANCY	999999	150.00
08/17/2012	281973	J RETTENMAIER	999999	300.00
08/17/2012	281974	J-AD GRAPHICS, INC	4444	1,403.00
08/17/2012	281975	KALAMAZOO COUNTY TREASURER	514	332.50
08/17/2012	281976	KALAMAZOO COUNTY TREASURER	999999	375.61
08/17/2012	281977	KELLY RADIATOR & AUTO REPAIR	4591	40.95
08/17/2012	281978	KENDALL ELECTRIC, INC.	231	39.49
08/17/2012	281979	KENT COMPANIES, INC.	838	5,143.00
08/17/2012	281980	KLOSTERMAN DISTRIBUTING	3805	112.24
08/17/2012	281981	KRAMES STAYWELL, LLC	1736	33.00
08/17/2012	281982	KUHN'S YARD & GARDEN CARE, INC	4551	435.16
08/17/2012	281983	KZOO TIRE COMPANY	564	1,598.00
08/17/2012	281984	LARSCO, INC.	4708	169.20
08/17/2012	281985	LAWSON PRODUCTS, INC	240	1,622.49
08/17/2012	281986	LEADERSHIP KALAMAZOO	4064	2,150.00
08/17/2012	281987	LEWIS, JAMES	999999	101.48
08/17/2012	281988	LEXISNEXIS/MATTHEW BENDER	2701	345.50
08/17/2012	281989	LOUTHAN, WILLIAM F	3021	141.00
08/17/2012	281990	LOWE'S HOME CENTER	2630	125.82

CHECK DATE	CHECK NUMBER	VENDOR NAME	VENDOR #	CHECK AMOUNT
08/17/2012	281991	M S PRODUCTIONS	283	1,100.00
08/17/2012	281992	MACNLOW ASSOCIATES	2189	265.00
08/17/2012	281993	MAIL MANAGEMENT	2130	243.95
08/17/2012	281994	MAILFINANCE	1208	744.27
08/17/2012	281995	MANABOUT RACKS LLC	4805	209.70
08/17/2012	281996	MANHATTAN TOUR & TRAVEL, INC.	3720	39,122.00
08/17/2012	281997	MAURER'S TEXTILE RENTAL SERVIC	4746	160.11
08/17/2012	281998	MAYHEW, BRYAN	532	63.40
08/17/2012	281999	MICH MUNICIPAL POLICE & FIRE R	4777	860.64
08/17/2012	282000	MICHIGAN ELECTION RESOURCES, L	264	410.95
08/17/2012	282001	MICHIGAN MUNICIPAL LEAGUE	4515	114.20
08/17/2012	282002	MICHIGAN PAVING & MATERIALS CO	3389	368,224.53
08/17/2012	282003	MICHIGAN STATE UNIVERSITY	999999	12.00
08/17/2012	282004	MICHIGAN TAX TRIBUNAL	999999	25.00
08/17/2012	282005	MIDWEST CUSTOM EMBROIDERY COMP	613	358.00
08/17/2012	282006	MIRACLE RECREATION EQUIPMENT	488	615.00
08/17/2012	282007	MLIVE MEDIA GROUP	89	404.32
08/17/2012	282008	MOORS I, LLC	3834	31.69
08/17/2012	282009	MUNICIPAL FINANCIAL CONSULTANT	681	14,656.43
08/17/2012	282010	MUNYABERA, AURORE	999999	290.00
08/17/2012	282011	NATIVE CONNECTIONS	4818	250.00
08/17/2012	282012	A NEW LEAF	635	85.00
08/17/2012	282013	NIEWOONDER & SONS INC. E.	782	257.05
08/17/2012	282014	NYE UNIFORMS	299	751.62
08/17/2012	282015	O'BOYLE-COLWELL-BLALOCK & AS.	860	2,040.00
08/17/2012	282016	OFFICE DEPOT, INC.	1721	974.93
08/17/2012	282017	OFFICEMAX INCORPORATED	301	153.10
08/17/2012	282018	ORIENTAL TRADING CO.	3819	187.49
08/17/2012	282019	OTTEN TROPHIES	304	75.00
08/17/2012	282020	PAPER CENTRAL	2623	222.15
08/17/2012	282021	PATESEL, TERRY	4455	198.00
08/17/2012	282022	PETERMAN CONCRETE CO.	310	12.00
08/17/2012	282023	PETTY CASH-FIRE	610	174.05
08/17/2012	282024	PETTY CASH-PARKS	536	343.39
08/17/2012	282025	PETTY CASH-POLICE DEPT.	890	423.91
08/17/2012	282026	PORTAGE GLASS & MIRROR	4396	94.50
08/17/2012	282027	POWELL, ESTHER	999999	184.00
08/17/2012	282028	PRIORITY HEALTH	4254	21,572.72
08/17/2012	282029	PROFESSIONAL LAKE MANAGEMENT	461	2,400.00
08/17/2012	282030	PROFESSIONAL TREE SERVICE, INC	321	229.60
08/17/2012	282031	PURE FISHING, INC.	4622	57.94
08/17/2012	282032	RATHCO SAFETY SUPPLY, INC.	327	775.65
08/17/2012	282033	REMAX ADVANTAGE-WESTNEDGE	999999	56.53
08/17/2012	282035	REPUBLIC SERVICES OF WEST MICH	4443	44,053.00
08/17/2012	282036	RIDGE AUTO NAPA	438	1,879.80
08/17/2012	282037	RIGHT-WAY RENTAL, INC.	337	222.00
08/17/2012	282038	RIKKERS, KEVIN	999999	92.39
08/17/2012	282039	ROMENCE GARDENS, INC	343	298.50
08/17/2012	282040	SANDERSON DEHAAN IRRIGATION	2469	1,800.00
08/17/2012	282041	SCHIPPERS, ANGIE	999999	35.00
08/17/2012	282042	SHAREEF, A J	999999	599.00

CHECK DATE	CHECK NUMBER	VENDOR NAME	VENDOR #	CHECK AMOUNT
08/17/2012	282043	SHARP SHOP	354	113.33
08/17/2012	282044	SIMMONS FORD	2064	147.56
08/17/2012	282045	SIRCHIE FINGER PRINT LABORATOR	786	634.75
08/17/2012	282046	STATE OF MICHIGAN (DEQ) WATER	4816	500.00
08/17/2012	282047	STATE SYSTEMS RADIO, INC	369	2,667.65
08/17/2012	282048	STRYKER MEDICAL	999999	340.00
08/17/2012	282049	STURGEON, TIMM	999999	36.00
08/17/2012	282050	SUITS U TAILOR SHOP INC	4237	134.00
08/17/2012	282051	SWEM, TRACY	532	375.02
08/17/2012	282052	T D S METROCOM, LLC	4539	3,033.77
08/17/2012	282053	T-MOBILE USA INC	3665	50.00
08/17/2012	282054	TERBERG, JOYCE	999999	29.99
08/17/2012	282055	JOHANNA THOMPSON	4682	50.00
08/17/2012	282056	TIME	999999	2,831.00
08/17/2012	282057	TOO CLEAN JANITORIAL	2220	20.00
08/17/2012	282058	TRACTOR SUPPLY CORP.	2817	3,270.00
08/17/2012	282059	U S BANK	3497	308.88
08/17/2012	282060	UNITED PARCEL SERVICE	545	1,725.00
08/17/2012	282061	UNIVERSITY OF LOUISVILLE	999999	198.08
08/17/2012	282062	VANDYKE, JEANIE	999999	1,195.00
08/17/2012	282063	VANDYKE, JOHN	999999	107.00
08/17/2012	282067	VERIZON WIRELESS SERVICES, LLC	4653	107.00
08/17/2012	282068	WARD JR., HAROLD	999999	4,513.02
08/17/2012	282069	WEST MICHIGAN STAMP & SEAL, INC	415	60.74
08/17/2012	282070	WIGHTMAN & ASSOCIATES, INC.	4779	19.25
08/17/2012	282071	WINGFOOT COMMERCIAL TIRE	2613	980.00
08/17/2012	282072	WOLVERINE LAWN SERVICE, INC.	1089	532.01
08/17/2012	282073	10TH DISTRICT COURT	999999	567.18
08/17/2012	282074	10TH DISTRICT COURT	999999	533.00
08/17/2012	282075	56TH DISTRICT COURT	999999	289.00
08/17/2012	282076	7TH DISTRICT COURT	999999	642.00

DATE RANGE TOTAL \* 928,248.81 \*

PAYMENT VENDOR		TRANSFER		TRACE		EFT		BANK	
NO	NO NAME	DATE	AMOUNT	NUMBER	BATCH	NUMBER	BATCH	CODE	CODE
1321	ABONMARCHE CONSULTANTS, INC	08/17/2012	2,619.50	072000320000001	0000001			00	00
1322	ADMIRAL LOCK & KEY SERVICE	08/17/2012	38.50	072000320000002	0000001			00	00
1323	ALL-TRONICS, INC	08/17/2012	531.00	072000320000003	0000001			00	00
1324	ALRO STEEL CORPORATION	08/17/2012	308.56	072000320000004	0000001			00	00
1325	AMERICAN SAFETY & FIRST AID	08/17/2012	341.14	072000320000005	0000001			00	00
1326	ANDRUS TRAVEL, GAIL	08/17/2012	2,777.50	072000320000006	0000001			00	00
1327	ANIMAL REMOVAL SERVICE, LLC	08/17/2012	815.00	072000320000007	0000001			00	00
1328	B & B YARDSCAPE	08/17/2012	3,815.00	072000320000008	0000001			00	00
1329	BEBBE, RON	08/17/2012	399.50	072000320000009	0000001			00	00
1330	BLUE CARE NETWORK-GREAT LAKES	08/17/2012	61,003.52	072000320000010	0000001			00	00
1331	C D W GOVERNMENT, INC.	08/17/2012	3,652.00	072000320000011	0000001			00	00
1332	CONTINENTAL LINEN SUPPLY CO.	08/17/2012	70.06	072000320000012	0000001			00	00
1333	CROWN TROPHY	08/17/2012	1,090.00	072000320000013	0000001			00	00
1334	D & D PRINTING CO.	08/17/2012	187.50	072000320000014	0000001			00	00
1335	EMPLOYMENT GROUP, INC.	08/17/2012	259.50	072000320000015	0000001			00	00
1336	ENGINEERED PROTECTION SYSTEMS, INC.	08/17/2012	218.25	072000320000016	0000001			00	00
1337	ETNA SUPPLY, INC.	08/17/2012	7.69	072000320000017	0000001			00	00
1338	FORSHEE, MARK	08/17/2012	286.00	072000320000018	0000001			00	00
1339	GRAINGER INC, W W	08/17/2012	1,191.98	072000320000019	0000001			00	00
1340	HARTFORD LIFE INSURANCE COMPANY	08/17/2012	7,760.96	072000320000020	0000001			00	00
1341	HI-TECH ELECTRIC CO.	08/17/2012	75.00	072000320000021	0000001			00	00
1342	INDUSCO SUPPLY CO., INC.	08/17/2012	208.25	072000320000022	0000001			00	00
1343	KAHN, WILMA	08/17/2012	240.00	072000320000023	0000001			00	00
1344	KNAEP ENERGY, INC.	08/17/2012	9,782.50	072000320000024	0000001			00	00
1345	KOPEC, CASEY	08/17/2012	315.00	072000320000025	0000001			00	00
1346	KUIPER BUILDING SERVICES LLC	08/17/2012	1,650.00	072000320000026	0000001			00	00
1347	LANDS END	08/17/2012	788.50	072000320000027	0000001			00	00
1348	LIBRA INDUSTRIES, INC. OF MICHIGAN	08/17/2012	704.58	072000320000028	0000001			00	00
1349	LIFEGUARD STORE, THE	08/17/2012	224.55	072000320000029	0000001			00	00
1350	MALZ, DONALD	08/17/2012	225.00	072000320000030	0000001			00	00
1351	MCCARTHY SMITH LAW GROUP, PLC	08/17/2012	3,547.25	072000320000031	0000001			00	00
1352	MEDEMA, TIMOTHY	08/17/2012	171.00	072000320000032	0000001			00	00
1353	MEJUR ELECTRIC LLC	08/17/2012	2,405.00	072000320000033	0000001			00	00
1354	PACIFIC TELEMGT SERV, JAROTH INC	08/17/2012	303.00	072000320000034	0000001			00	00
1355	PARKER, ROBERT	08/17/2012	141.00	072000320000035	0000001			00	00
1356	REHMANN GROUP LLC	08/17/2012	5,550.00	072000320000036	0000001			00	00
1357	ROBERTS, CHARLES D	08/17/2012	141.00	072000320000037	0000001			00	00
1358	ROE-COMM, INC.	08/17/2012	225.00	072000320000038	0000001			00	00
1359	SARCOM, INC	08/17/2012	1,153.99	072000320000039	0000001			00	00
1360	SNELL, DEBRA	08/17/2012	126.00	072000320000040	0000001			00	00
1361	TECHNOLOGY SOLUTIONS	08/17/2012	2,911.25	072000320000041	0000001			00	00
1362	UNITED WATER ENVIRONMENTAL SERVICES	08/17/2012	167,775.40	072000320000042	0000001			00	00
1363	VANDERBERG, WARD M	08/17/2012	188.00	072000320000043	0000001			00	00
1364	VISION SERVICE PLAN INSURANCE CO	08/17/2012	1,939.27	072000320000044	0000001			00	00
1365	WEST, STEVE	08/17/2012	339.00	072000320000045	0000001			00	00
1366	WOOD PLUMBING LLC, D	08/17/2012	321.00	072000320000046	0000001			00	00

GRAND TOTAL:

288,823.70 NO. OF CHECKS:

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**CITY OF PORTAGE**

**COMMUNICATION**

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**TO:** Honorable Mayor and City Council

**DATE:** August 22, 2012

**FROM:** Maurice S. Evans, City Manager



**SUBJECT:** FEMA Corporation – PA198 Tax Abatement

**ACTION RECOMMENDED:** That City Council adopt:

- i. Resolution No. 2-12 expanding Industrial Development District No. 55 and
- ii. Resolution No. 3-12 setting a public hearing on the issuance of the Industrial Facilities Exemption Certificate for FEMA Corporation for real and personal property in the estimated amount of \$3.65 million on September 11, 2012.

The accompanying report from the Community Development Director summarizes the tax abatement application submitted by FEMA Corporation. The application involves planned building and equipment improvements at the FEMA manufacturing facilities at 1716 Vanderbilt Avenue in the estimated amount of \$3.65 million. The attached report also explains the tax abatement review and approval process and the environmental, project impact and property tax issues associated with this application. As indicated in the application submitted by FEMA Corporation, 40 existing jobs will be retained with this project and eight new jobs are projected to be created.

The City Administration recommends that the resolutions be adopted so that the expansion can commence and consideration of the necessary industrial facilities exemption certificate requested by the applicant can be accomplished on September 11, 2012.

Attachments: Community Development Report  
Resolutions 2-12 and 3-12

## CITY OF PORTAGE

## COMMUNICATION

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**TO:** Maurice S. Evans, City Manager

**DATE:** August 20, 2012

**FROM:** Vicki Georgeau,<sup>VA</sup> Director of Community Development

**SUBJECT:** FEMA Corporation, 1716 Vanderbilt Avenue – PA198 Tax Abatement

FEMA Corporation has submitted a PA198 Tax Abatement application seeking an abatement for a 39,000 square foot building addition, and machinery and equipment acquisition (\$3.65 million) within the existing manufacturing facility at 1716 Vanderbilt Avenue. Eight new jobs are anticipated to be created and 40 existing jobs will be retained within two years of completion of the project. The expansion of Industrial District No. 55 is requested to facilitate this planned project.

The process to receive a tax abatement is initiated with the filing of a request to establish, expand or re-establish an industrial development district. A public hearing is held on the request, which in this case involves the expansion of the existing district to facilitate the planned building addition and associated investment in machinery and equipment. Following the public hearing and the decision to expand the existing district, the second step in the process involves the submission of the application for the industrial facilities exemption certificate. As required by the State of Michigan, the city may not approve a new industrial facilities exemption certificate unless there is a written agreement between the city and the owner of the industrial facility, which must be formally filed with the Michigan Department of Treasury. Also, the Michigan State Tax Commission requires an affidavit, executed by the local unit of government and the applicant, which states that there are no additional payments or similar charges other than the required application fee. The tax abatement agreement is considered by the Council when the industrial facilities exemption certificate is reviewed and will include provisions related to the jobs created or retained, the facility to be constructed and related issues. The necessary affidavit regarding fees will also be considered. The tax abatement procedure concludes when, within 60 days of the date of filing, City Council approves the resolution approving the application for an industrial facilities exemption certificate. The application materials and related information are forwarded to the Tax Commission and the agreement is submitted to the Department of Treasury. If City Council adopts a resolution disapproving the application for the certificate, the applicant may still proceed and file the application with the Tax Commission, which renders final approval or disapproval of the industrial facilities exemption certificate.

The industrial tax abatement legislation (PA198 of 1974) permits an eligible industry, which received an abatement for a period shorter than the maximum 12 years, to apply for another industrial facilities exemption certificate. Per the Tax Commission, the local jurisdiction must permit, by resolution, the additional certificate application and the application must be submitted by the applicant within the final year in which the original certificate is effective. If the local jurisdiction disapproves an application, then the applicant has no right of appeal. The total period of the tax abatement cannot exceed the maximum 12 years established in the statute.

### Preliminary Environmental Analysis

A preliminary planning and environmental investigation of the proposed industrial activity has been completed. The facility is situated on property that is zoned I-1, light industry and adjacent properties are also zoned light industry. All state and federal regulations pertaining to hazardous material handling, storage and disposal will be met. Vanderbilt Avenue is within the Shaver Road industrial area and is identified for industrial development in the City of Portage Comprehensive Plan.

### Project Impact Analysis

A project impact analysis has been prepared for the project. As noted in the impact analysis, the proposed investment consists of \$1,707,000 of real property improvements and \$1,947,000 of personal property. Assumptions utilized in the analysis are detailed on page one of the report. Sample calculations are included on the following pages and a summary table organizes the results of these calculations for City Council reference.

Through the analysis, and consistent with the adopted policy of the City Council, with a six-year 50% abatement of real property and a three-year 50% abatement of personal property, the proposed project will result in cumulative revenue to the city of \$70,482 over the twenty years of the impact analysis. The direct General Fund abatement cost to the city is \$6,523 for the first year, \$2,679 for the sixth year with a total cost to the city of General Fund \$26,364. With eight new jobs anticipated and using the average, mid-range salary information in the application to calculate primary and secondary impacts, the development would generate an estimated \$331,100 of additional economic benefits to the community.

### Property Tax Analysis

An estimate of property taxes has also been prepared. With no abatement and the real property taxed at the full 57.08 mill rate for six years and the personal property taxed at a reduced manufacturer rate of 32.84 mills for three years, the estimated taxes generated for all taxing units over the period of the real and personal property tax abatement would total \$338,414. The total tax revenue foregone over the period of the requested real and personal property tax abatement by the following local units of government would total \$169,207: The City of Portage would forego \$42,072; Portage District Library would forego \$5,593; Kalamazoo County would forego \$25,189; KRESA would forego \$18,146; and KVCC would forego \$10,491.

### Conclusion

The application appears to be consistent with the adopted industrial tax abatement policy. The property is served by municipal utilities, zoned for industrial use and developed for industrial activities. To facilitate this important manufacturing project and with the benefit to the community represented by FEMA Corporation, expansion of Industrial Development District No. 55 can be recommended.

Attachment: Project Impact Analysis

c: Robert Luders, Financial Services Director  
Dan Foecking, Finance Director  
James Bush, City Assessor

**PROJECT IMPACT ANALYSIS - FEMA Corporation**

Assumptions used in the following calculations:

Market value of property to be added:	
Real property.....	\$1,707,000
Personal property.....	\$1,947,000
Percentage tax abatement requested:	
Real property.....	50.00%
Personal property.....	50.00%
Years of abatement requested:	
Real property.....	6
Personal property.....	3
Non-recoverable City share costs of requested:	
Roadway improvements.....	\$0
Drainage improvements.....	\$0
Sanitary sewer improvements.....	\$0
Water delivery improvements.....	\$0
Number of new employees.....	8
Average annual income of each new employee.....	\$35,000
Percentage of new employees assumed to be residents.....	32.30%
Propensity for resident employees to consume locally.....	60.00%
Propensity for non-resident employees to consume locally.....	50.00%
County income multiplier.....	2.00
Percentage of new employees constructing new homes.....	20.00%
Value of new home as a factor of annual income.....	2.00
Number of members per household (2010 census).....	2.40
Population, 2010 (Bureau of Census).....	46,292
General Fund expenditures net of certain offsetting revenues:	
i.e., user charges and fees, grants, reimbursements .....	\$19,071,167
Current General Fund millage rate.....	7.5000
Per capita state revenue sharing to General Fund.....	\$69.56
Average annual inflation rate (2007 to 2012).....	2.03%
Annual increase in industrial real property value.....	-3.50%
Annual increase in residential real property value.....	0.00%

**PROJECT IMPACT ANALYSIS - FEMA Corporation**

CALCULATION OF ECONOMIC BENEFITS TO THE COMMUNITY:

Equation 1-Calculation of additional payroll generated

Number of new employees	Average annual income	Total new annual payroll
8	\$35,000	\$280,000

Equation 2-Calculation of primary economic benefit to the community from payroll income

Percentage of new employees assumed to be residents.....	32.30%
Propensity for resident employees to consume locally.....	60.00%
Propensity for non-resident employees to consume locally.....	50.00%

	Distribution of labor force	Average annual income	Propensity to consume locally	Primary economic benefit	
Resident employees.....	3	\$35,000	60.00%	\$63,000	
Non-resident employees.....	5	\$35,000	50.00%	\$87,500	
				\$150,500	\$150,500

Equation 3-Calculation of secondary economic benefit to the community from payroll income

Total primary benefit	County income multiplier	Propensity to consume locally	Secondary economic benefit	
\$150,500	2.00	60.00%	\$180,600	\$180,600

----ADDITIONAL ECONOMIC BENEFITS TO THE COMMUNITY..... \$331,100

**PROJECT IMPACT ANALYSIS - FEMA Corporation**

CALCULATION OF ADDITIONAL GENERAL FUND REVENUE:

Equation 4-Calculation of gross taxes to be generated from new project

Market value of property to be added:					
	Real property.....			\$1,707,000	
	Personal property.....			\$1,947,000	
	Current General Fund millage rate			7.50	
	First year property SEV	Millage rate		First year property taxes	
Real	\$853,500	7.50		\$6,401	
Personal	\$885,885	7.50		\$6,644	\$13,045

Equation 5-Calculation of additional property tax from new residents

Percentage of new employees constructing new homes.....				20.00%	
Value of new home as a factor of annual income.....				2.00	
	Number of new homes	Avg market value of each new home	Total SEV of new homes	General Fund millage rate	First year property taxes
	2	\$70,000	\$70,000	7.50	\$525
					\$525

Equation 6-Calculation of additional state revenue sharing to the General Fund

Number of members per household.....				2.40	
Per capita state revenue sharing to General Fund.....				\$70	
	Number of new resident employees	Number of members per household	Number of new residents	Per capita state revenue sharing	Additional state revenue sharing
	3	2.40	7	\$70	\$487
					\$487
---ADDITIONAL GENERAL FUND REVENUE.....					\$14,057

**PROJECT IMPACT ANALYSIS - FEMA Corporation**

CALCULATION OF ADDITIONAL GENERAL FUND COSTS:

Equation 7-Annual tax abatement costs

Percentage tax abatement requested:				
	Real property.....			50.00%
	Personal property.....			50.00%
Years of abatement requested:				
	Real property.....			6
	Personal property.....			3
	First year General Fund property tax	Requested abatement rate	First year tax abatement	
Real	\$6,401	50.00%	\$3,201	
Personal	\$6,644	50.00%	\$3,322	\$6,523

Equation 8-Additional service costs

Population, 2010 (Bureau of Census).....					46,292
General Fund expenditures net of certain offsetting revenues: i.e., user charges and fees, grants, reimbursements .....					\$19,071,167
	Costs of services	Number of residents	Cost per resident	Number of new residents	Additional cost for new residents
	\$19,071,167	46,292	\$412	7	\$2,884

Equation 9-Public facilities cost, non-recoverable City share

	Road improvements	Drainage improvements	Sanitary sewer improvements	Water delivery improvements	Total improvements	
	\$0	\$0	\$0	\$0	\$0	\$0

---TOTAL ADDITIONAL GENERAL FUND COSTS..... \$9,407

CALCULATION OF RELATIVE COMPARISON FACTOR

Equation 10-Relative comparison investment factor/initial cost per job created

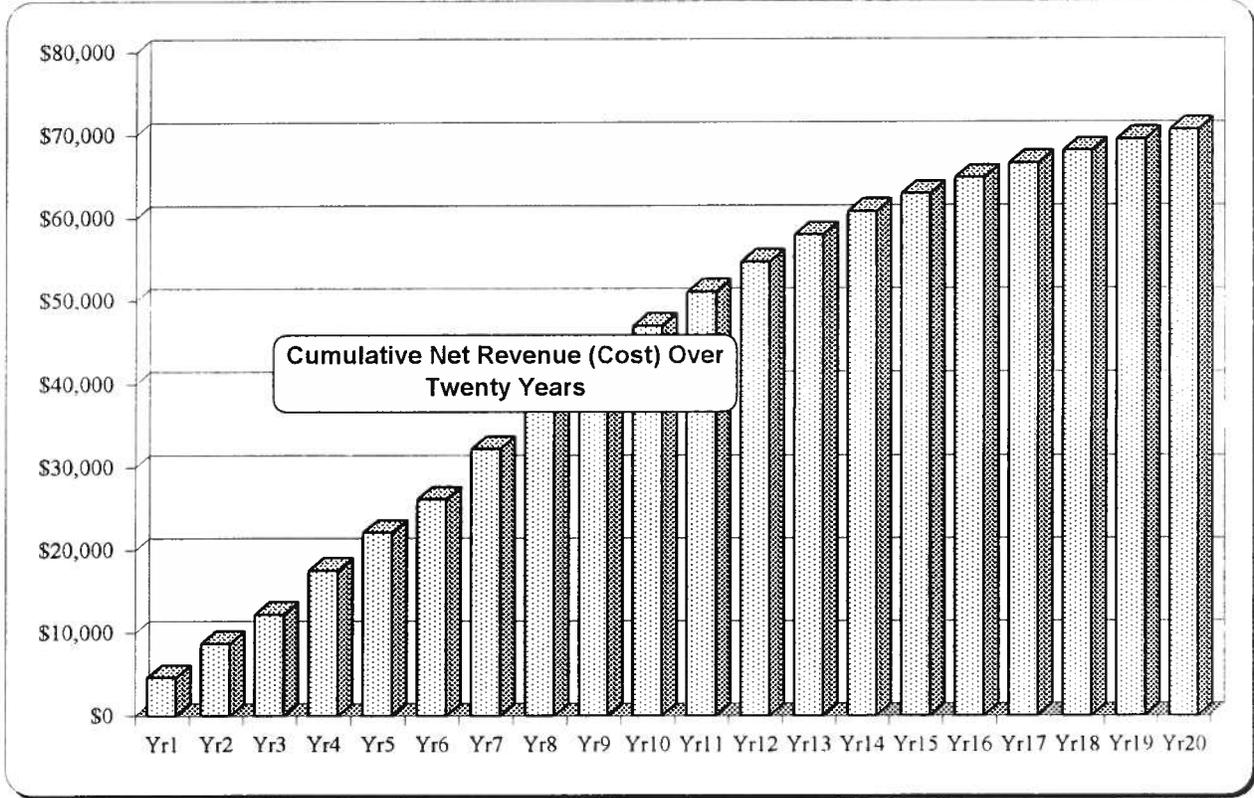
Additional revenues	Additional (costs)	Net additional (cost)/revenue	Number of jobs created	(Cost)/revenue per job created
\$14,057	(\$9,407)	\$4,650	8	\$581

Long term comparison of increased revenues to increased costs

**PROJECT IMPACT ANALYSIS - FEMA Corporation**

reflecting the effects of inflation on property values and General Fund expenditures  
and the decreasing value of personal property due to depreciation

Year	Revenue	Infrastructure costs	General Fund real property tax abatement	General Fund personal prop. tax abatement	General Fund service costs	Expenditures	Net annual (cost)/revenue	Cumulative (cost)/revenue
Yr1	\$14,057	\$0	\$3,201	\$3,322	\$2,884	(\$9,407)	\$4,651	\$4,651
Yr2	\$13,040	\$0	\$3,089	\$2,921	\$2,942	(\$8,951)	\$4,089	\$8,740
Yr3	\$12,031	\$0	\$2,981	\$2,519	\$3,002	(\$8,502)	\$3,530	\$12,269
Yr4	\$11,248	\$0	\$2,876	\$0	\$3,063	(\$5,939)	\$5,309	\$17,578
Yr5	\$10,474	\$0	\$2,776	\$0	\$3,125	(\$5,901)	\$4,574	\$22,152
Yr6	\$9,852	\$0	\$2,679	\$0	\$3,189	(\$5,868)	\$3,985	\$26,136
Yr7	\$9,310	\$0	\$0	\$0	\$3,253	(\$3,253)	\$6,057	\$32,193
Yr8	\$8,774	\$0	\$0	\$0	\$3,319	(\$3,319)	\$5,455	\$37,648
Yr9	\$8,320	\$0	\$0	\$0	\$3,386	(\$3,386)	\$4,934	\$42,582
Yr10	\$7,870	\$0	\$0	\$0	\$3,455	(\$3,455)	\$4,415	\$46,997
Yr11	\$7,574	\$0	\$0	\$0	\$3,525	(\$3,525)	\$4,049	\$51,046
Yr12	\$7,210	\$0	\$0	\$0	\$3,597	(\$3,597)	\$3,613	\$54,659
Yr13	\$6,925	\$0	\$0	\$0	\$3,670	(\$3,670)	\$3,255	\$57,914
Yr14	\$6,572	\$0	\$0	\$0	\$3,744	(\$3,744)	\$2,828	\$60,742
Yr15	\$5,933	\$0	\$0	\$0	\$3,820	(\$3,820)	\$2,113	\$62,855
Yr16	\$5,810	\$0	\$0	\$0	\$3,897	(\$3,897)	\$1,913	\$64,768
Yr17	\$5,692	\$0	\$0	\$0	\$3,976	(\$3,976)	\$1,716	\$66,484
Yr18	\$5,579	\$0	\$0	\$0	\$4,057	(\$4,057)	\$1,522	\$68,006
Yr19	\$5,471	\$0	\$0	\$0	\$4,139	(\$4,139)	\$1,332	\$69,338
Yr20	\$5,367	\$0	\$0	\$0	\$4,223	(\$4,223)	\$1,144	\$70,482



**CITY OF PORTAGE  
RESOLUTION NO. 2-12  
EXPANDING PORTAGE INDUSTRIAL DEVELOPMENT DISTRICT NO. 55  
FEMA CORPORATION**

Minutes of a regular meeting of the City Council for the City of Portage, Michigan held on \_\_\_\_\_, 2012, at 7:30 p.m. local time at City Hall in the City of Portage, Michigan.

PRESENT: \_\_\_\_\_

ABSENT: \_\_\_\_\_

The following resolution was offered by:

COUNCILMEMBER: \_\_\_\_\_, and supported by:

COUNCILMEMBER: \_\_\_\_\_.

WHEREAS, the City Council has met in public hearing as heretofore resolved and noticed for the purpose of determining whether a certain described area located at 1716 Vanderbilt, Portage, Michigan, may be expanded as an Industrial Development District, pursuant to 1974 PA 198, MCLA 207.551, et seq.; and

WHEREAS, such location meets all of the prerequisites of the cited Act;

NOW THEREFORE, BE IT RESOLVED that the following described property be the expanded Portage Industrial Development District No. 55:

City of Portage, County of Kalamazoo, State of Michigan is fully described as follows:

Part of the Northeast 1/4 of Section 29, Town 3 South, Range 11 West, City of Portage, Kalamazoo County, Michigan described as: Commencing at the northeast corner of said section 29; thence S 00°00'08" E along the east line of said section a distance of 632.42 feet thence N 89°59'16" W a distance of 348.83 feet to the Point of Beginning: thence S 00°00'44" W a distance of 120.00 feet; thence S 89°59'16" W a distance of 100.00 feet; thence S 0°00'44" W a distance of 150.00 feet; thence S 89°59'16" W a distance of 100.00 feet; thence N 00°00'44" E a distance of 270.00 feet, thence S 89°59'16" E a distance of 200.00 feet to the Point of Beginning.

*Det AS*

ADOPTED: AYES: Councilmember \_\_\_\_\_

NAYS: Councilmember \_\_\_\_\_

ABSENT: Councilmember \_\_\_\_\_

All resolutions or parts of resolutions are, to the extent of any conflict with this resolution, rescinded.

RESOLUTION DECLARED ADOPTED:

\_\_\_\_\_  
James R. Hudson, City Clerk

### CERTIFICATION

I hereby certify that the foregoing is a true and complete copy of Resolution #2 adopted at a regular meeting of the City Council of the City of Portage, Kalamazoo County, Michigan held on \_\_\_\_\_, 2012, the original of which is in the official proceedings of the City Council.

\_\_\_\_\_  
James R. Hudson, City Clerk

PREPARED BY:  
RANDALL L. BROWN  
Portage City Attorney  
1662 East Centre Avenue  
Portage, Michigan 49002  
(269) 323-8812

Approved as to Form:  
Date: 7/25/12  
By: RS  
City Attorney

z:\jody\portage\industrial\fema\district no 55\resolution #2.072512.docx

**CITY OF PORTAGE, MICHIGAN  
RESOLUTION NO. 3-12  
TO SET THE PUBLIC HEARING ON A FACILITIES TAX  
EXEMPTION CERTIFICATE FOR FEMA CORPORATION  
INDUSTRIAL DEVELOPMENT DISTRICT NO. 55**

Minutes of a regular meeting of the City Council of the City of Portage, Michigan held on \_\_\_\_\_, 2012 at 7:30 p.m., local time in the City Hall in the City of Portage.

PRESENT: \_\_\_\_\_

ABSENT: \_\_\_\_\_

The following resolution was offered by Councilmember \_\_\_\_\_, and supported by: Councilmember \_\_\_\_\_.

WHEREAS, pursuant to 1974 PA 198, MCLA Sec. 207.551, et seq., the City Council has established Industrial Development District No.55;

WHEREAS, FEMA CORPORATION, owner of the realty located within said District, has applied for an Industrial Facilities Exemption Certificate under the provisions of 1974 PA 198, Sec. 5(1);

WHEREAS, 1974 PA 198 Sec. 5(2) provides that before acting upon an application for an Industrial Facilities Certificate, the City Council shall afford the applicant, the assessor, and a representative of the affected taxing units an opportunity for a hearing;

NOW THEREFORE, BE IT RESOLVED as follows:

(1) That the application of FEMA CORPORATION for an Industrial Facilities Exemption Certificate shall remain on file in the office of the City Clerk.

(2) That the City Council shall meet at the City Hall on \_\_\_\_\_, 2012 at 7:30 p.m., local time, or as soon thereafter as may be heard, and shall provide to the City Assessor and a representative of each of the taxing units an opportunity to be heard on the question of FEMA CORPORATION application for an Industrial Facilities Exemption Certificate with regard to proposed new facility and installation of equipment and machinery within said Industrial Development District.

(3) That the City Clerk immediately inform, by letter, the City Assessor, and the legislative body of each taxing unit which levies ad valorem taxes in the City of Portage on the property located within said Industrial Development District, as follows:

(a) The City of Portage has established FEMA Corporation Industrial Development District No.55 (expanded) and has now received and will consider an application for a Facilities Exemption Certificate for building construction and the installation of equipment and machinery within said district.

(b) That the City Council shall meet on \_\_\_\_\_, 2012, at the City Hall at 7:30 p.m., local time, or as soon thereafter as may be heard, to afford the City Assessor and a representative of each said taxing unit an opportunity to be heard with regard to the said application.

(c) That, as to FEMA Corporation Industrial Development District No. 55, the Facilities Exemption Certificate would be in the amount of \$ \_\_\_\_\_, for expenditures in the amount of \$ \_\_\_\_\_.

(4) All resolutions or parts of resolutions are, to the extent of any conflict with this resolution, rescinded.

ADOPTED: AYES: Councilmember \_\_\_\_\_

NAYS: Councilmember \_\_\_\_\_

ABSENT: Councilmember \_\_\_\_\_

\_\_\_\_\_  
James R. Hudson, City Clerk

CERTIFICATE

I hereby certify that the foregoing is a true and complete copy of a resolution adopted at a regular meeting of the City Council of the City of Portage, Michigan, Kalamazoo County, held on the day of \_\_\_\_\_, 2012, the original of which is in the official proceedings of the City Council.

\_\_\_\_\_  
James R. Hudson, City Clerk

Prepared by:  
Randall L. Brown  
Portage City Attorney  
1662 East Centre Avenue  
Portage, MI 49002

Approved as to Form:  
Date: 8/20/12  
By: [Signature]  
City Attorney

**CITY OF PORTAGE**

**COMMUNICATION**

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**TO:** Honorable Mayor and City Council

**DATE:** August 24, 2012

**FROM:** James R. Hudson, City Clerk *JRH (for)*

**SUBJECT:** Petition – Water Main on Metsa Court from Portage Road to the West End

**ACTION RECOMMENDED:** To refer the Water Main Petition for Metsa Court from Portage Road to West End to City Administration for review and report.

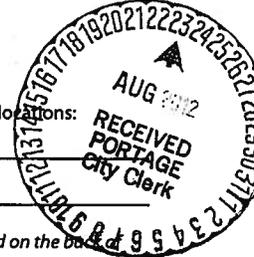
The attached petition requesting a Water Main for Metsa Court from Portage Road to the western end of the street was received on Thursday, August 23, 2012. It is recommended that City Council refer this petition to City Administration for review and report.

**Special Assessment Petition**

To the City Council of the City of Portage, Michigan:

The undersigned property owners request the creation of a special assessment district at the following locations:  
Metsa Court from Portage Road to west end

For the following purpose: municipal water main



*As petitioners, we acknowledge that we are aware and understand the information and procedures described on the back of this form and on the appropriate fact sheet. We understand that special assessments to be paid will be our responsibility and levied for the requested improvements based on assessment rates established by the City Council for the calendar year when the assessment process begins.*

Name	Address	Lot-Plat	Footage	Date
1. <i>Norman Beerbower</i>	<i>1615 METSA Ct</i>	<i>1</i>	<i>54</i>	<i>8-22-12</i>
2. <i>John Felt</i>	<i>1620 METSA Ct</i>	<i>3</i>	<i>60</i>	<i>8/22/12</i>
3. <i>Rebekah Bock</i>	<i>1614 Metsa Ct</i>	<i>4</i>	<i>51.1</i>	<i>8/23/12</i>
4.				
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*I, as circulator of the petition, verify that the petition signers are the owners of the property described in the petition and that each signature on the petition is the genuine signature of each respective petitioner.*

Circulator's Name: REBEKAH BOCK Phone: 269.720.4933  
 Address: 1614 Metsa Ct Date Petition Issued: 8/22/12

# CITY OF PORTAGE

# COMMUNICATION

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**TO:** Honorable Mayor & City Council

**DATE:** August 22, 2012

**FROM:** Maurice S. Evans, City Manager



**SUBJECT:** Application for Special License for Sale of Beer, Wine and Spirits

**ACTION RECOMMENDED:** That City Council resolve to submit an application to the Michigan Liquor Control Commission for a Special License for the sale of beer and wine for consumption on the premises at Celery Flats Historical Area-Hayloft Theatre, 7335 Garden Lane, for *Shindig at the Hayloft* on October 13, 2012 and authorize the City Manager to execute all documents on behalf of the city.

The City of Portage Senior Center (PSC) has for many years raised funds for programs, relying on grants, donations and event revenue to offset program costs. In order for the PSC to continue to be primarily self-sustaining, fees have been established for most events and alternative revenue sources are continually utilized where appropriate.

In an effort to generate critical revenue necessary for continuing a vibrant PSC, it is recommended that the sale of beer and wine be approved for the first ever *Shindig at the Hayloft* to be held in the Hayloft Theatre on October 13, 2012. The *Shindig at the Hayloft* is a three-hour folk-rock concert involving several local volunteer musicians and one headline act. The sale of alcohol is being recommended by the City Administration, volunteers and the participating artists to ensure the success of the *Shindig at the Hayloft* event. Alcohol has been made available for several years at the *Taste of Portage* without incident, which generates over \$1,000 annually in program revenue. With this successful track record, alcohol sales at *Shindig at the Hayloft* has the potential to increase attendance and revenue.

The Parks, Recreation and Public Services Department, along with the Department of Public Safety – Police Division, have worked cooperatively to develop controls in order to ensure safe and successful events where alcohol is served. These controls include:

- Wristbands will be issued to participants over 21 years of age and drink tickets will be sold separately.
- Park Rangers and Cultural Event staff members will monitor and patrol the Celery Flats Historical Area perimeter.
- Police patrol officers will be put on notice to make periodic visits during the event.

- Friends of the Senior Center and other adult volunteers will provide the identification checking and serving functions.
- A combination of fencing and an enclosed tent will be used for crowd containment.

All of these controls have proven very effective for past alcohol sales at city events and at no time have patrons been problematic.

As a requirement for the city to undertake the sale of alcohol at the *Shindig at the Hayloft*, the City Council must resolve to make an application to the Michigan Liquor Control Commission (MLCC), after which the completed application will be forwarded to the MLCC for review and approval.

It is recommended that City Council resolve to submit an application to the MLCC for a Special License for the sale of beer and wine for consumption on the premises at the Celery Flats Historical Area-Hayloft Theatre, 7335 Garden Lane on October 13, 2012, and authorize the City Manager to execute all documents on behalf of the city.

## CITY OF PORTAGE

## COMMUNICATION

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**TO:** Honorable Mayor and City Council

**DATE:** August 22, 2012

**FROM:** James R. Hudson, City Clerk *JRH (for)*

**SUBJECT:** Microbrew and Small Wine Maker license from Portage Brewing Company, planned for 7842 Portage Road.

**ACTION RECOMMENDED:** That City Council grant the request for a Microbrew and Small Wine Maker license from Ruth Stoddard of Portage Brewing Company, planned for 7842 Portage Road.

Portage Brewing Company has requested City Council consideration of the attached Resolution. The applicant is planning to locate at 7842 Portage Road and the proposed site plan is currently under review by Administration. The planned building will be slightly over 9,600 square feet and the applicant is looking to begin construction this autumn.

The Community Development, Finance and Public Safety departments recently completed approvals for this request subject to final inspection once construction is completed. It is recommended that City Council adopt the Resolution.

Attachment: Resolution

c: Maurice S. Evans, City Manager



Michigan Department of Licensing and Regulatory Affairs  
 Liquor Control Commission (MLCC)  
 7150 Harris Drive, P.O. Box 30005 - Lansing, Michigan 48909-7505  
 Toll Free (866) 813-0011 • www.michigan.gov/lcc

Business ID: 229358  
 Request ID: 664629  
 (For MLCC use only)

**Local Government Approval**

(Authorized by MCL 436.1501)

**Instructions for Applicants:**

- Provide a copy of your Application for New Licenses, Permits, or Transfer of Ownership or Interest in License (form LCC-3011 for Retail or form LCC-3015 for Manufacturers and Wholesalers) to the local unit of government.

**Instructions for Local Legislative Body:**

- Complete this resolution, or provide a resolution, a letter of certification from the clerk, or minutes from the meeting at which this request was considered.

At a \_\_\_\_\_ meeting of the \_\_\_\_\_ council/board  
(regular or special) (township, city, village)  
 called to order by \_\_\_\_\_ on \_\_\_\_\_ at \_\_\_\_\_  
(date) (time)  
 the following resolution was offered:

Moved by \_\_\_\_\_ and supported by \_\_\_\_\_  
 that the application from RICH STODARO  
(name of applicant)  
 for the following license(s): \_\_\_\_\_  
(e.g. Class C, Tavern, B-Hotel, Micro Brewer)

and the following permits, if applied for:  Dance Permit  Entertainment Permit  Topless Activity Permit  
 Extended Hours Dance Permit Hours Required: \_\_\_\_\_  
 Extended Hours Entertainment Permit Hours Required: \_\_\_\_\_

to be located at 7842 PORTAGE RD  
 be considered for APPROVAL  
(approval or disapproval)

<b>Approval</b>	<b>Disapproval</b>
Yeas: _____	Yeas: _____
Nays: _____	Nays: _____
Absent: _____	Absent: _____

It is the consensus of this body that it \_\_\_\_\_ this application be considered for  
(recommends/does not recommend)  
 approval by the Michigan Liquor Control Commission.

I hereby certify that the foregoing is true and is a complete copy of th resolution offered and adopted by the \_\_\_\_\_  
 council/board at a \_\_\_\_\_ meeting held on \_\_\_\_\_  
(regular or special) (date) (township, city, village)

Name and title of authorized officer (please print): \_\_\_\_\_  
 Signature and date of authorized clerk: \_\_\_\_\_  
 Phone number and e-mail of authorized officer: \_\_\_\_\_

## CITY OF PORTAGE

## COMMUNICATION

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**TO:** Honorable Mayor and City Council

**DATE:** August 24, 2012

**FROM:** James R. Hudson, City Clerk *JRH* (for)

**SUBJECT:** Special Meeting to Interview Planning Commission Applicants

**ACTION RECOMMENDED:** That City Council set a Special Meeting on Tuesday, September 11, 2012, beginning at 6:30 p.m. to interview Planning Commission applicants.

Per the request of City Council, applications for the vacancy on the Planning Commission are being solicited. It is recommended that City Council set a special meeting on Tuesday, September 11, beginning at 6:30 p.m. to interview the applicants.

**CITY OF PORTAGE**

**COMMUNICATION**

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**TO:** Honorable Mayor and City Council

**DATE:** August 23, 2012

**FROM:** Maurice S. Evans, City Manager

A handwritten signature in black ink, appearing to read "ms", enclosed within a circular scribble.

**SUBJECT:** Closed Session

A closed session is requested immediately following the regularly scheduled Council meeting of Tuesday, August 28, 2012. The purpose of this closed session is to discuss a personnel matter. City Council will reconvene in public session subsequent to completion of the closed session.

**CITY OF PORTAGE**

**COMMUNICATION**

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**TO:** Honorable Mayor and City Council

**DATE:** August 22, 2012

**FROM:** Maurice S. Evans, City Manager



**SUBJECT:** July 2012 Summary Environmental Activity Report – Information Only

Attached please find the July 2012 Summary Environmental Activity Report from Department of Transportation & Utilities Director, W. Christopher Barnes. New material, or material of specific interest to City Council is presented in italics.

These items serve to update the Council on environmental affairs.

c: W. Christopher Barnes, Director of Transportation & Utilities  
Planning Commission  
Portage Environmental Board

SUMMARY ENVIRONMENTAL ACTIVITY REPORT  
July 2012 (*updates in italics*)

<u>Project/Activity</u> Portage City Landfill	<u>Description</u> Ongoing groundwater monitoring of former municipal landfill.	<u>Status</u> -City Council awarded a 3 year contract to American Hydrogeologic Corporation (AHC) on February 23, 2010 to perform annual groundwater sampling. The site groundwater data will continue to be monitored to confirm continuation of the natural attenuation process. Sampling shows continued improvement in groundwater quality. Sampling completed in April 2010. Annual report submitted to MDNRE in June 2010. General groundwater quality continues to improve, but site will require monitoring for the foreseeable future. 2011 sampling completed in March. 2011 annual report submitted to MDEQ, with moderate groundwater quality improvements. <i>Investigation into methane gas presence in the groundwater is underway. First round of sampling completed in April 2012. Second round of sampling completed in June 2012. Initial results indicate no off-site impact. Report underway by AHC.</i>
Site Inspection/Development Project Review	Review of existing business & industries and review of proposed business and industrial development projects for environmental protection purposes and/or building plans completed.	-Coordination with property owners and City or State agencies ongoing. - <i>Review of 9 site/building plans and/or plats completed in July 2012.</i>
Sewer Connection Program	Groundwater protection program requiring residential/business hookup to the sanitary sewer where available.	- <i>Sanitary sewer hookup permits issued in July 2012: 7 residential; 1 commercial. One connection made as part of the Mandatory Sewer Connection Program. Four deferments were granted by the Sewer Deferment Committee.</i>
West Lake Management Program	Special assessment district designed to maintain/improve lake conditions.	-Five Year Lake Management Assessment District process was approved by City Council on March 23, 2010. Construction began on the Austin Dam reconstruction in December 2006 and new structure completed in March 2007. Filtration system construction was substantially completed in July 2008. The 2011 lake survey and treatment preparations are complete. Additional areas requested by the Association for treatment. Amendment to the 2011 Treatment Program approved by City Council on August 9, 2011. <i>Lake Association has completed 2012 plan and lake treatment completed in May 2012. Review of program underway by Lakeshore Environmental Consultants.</i>
Retention Basin Sampling Program (Groundwater Elevation)	Investigation regarding potential impact of retention basins on groundwater levels.	-Historical monitoring continues to show minor impacts at most basins. From 1993 through 2009 the monitoring program showed stable groundwater impacts due to stormwater infiltration. Alternative road salt practices continue to be

considered and evaluated. On March 23, 2010, City Council awarded a four-year contract to Wightman Environmental. Program will focus primarily on groundwater level information. The 2011 annual report received. Groundwater results show that the general groundwater table on the east side of Portage has risen approximately one foot in 2011 and is generally at levels seen in 2009. *Groundwater levels, especially on the east side of Portage, have decreased in 2012 as a result of seasonal rainfall deficiencies.*

Wellhead Protection Program (WHPP)  
 Development of program to protect City well fields and surrounding area from contamination resulting from improper land use.

-Wellhead Protection Grant award received from MDEQ on August 30, 1999 and Council accepted the grant on October 5, 1999. Council also awarded contract to Earth Tech to complete WHPP. Earth Tech completed the final wellhead protection plan and MDEQ submittal was made on October 14, 2000. Plan was reviewed by MDEQ with written approval received in March, 2001. Staff has met internally to discuss the future needs to update the plan pending grant opportunities. Plan implementation is ongoing.

Leaf Compost Monitoring Program  
 Monitoring and analysis of groundwater at the new Oakland Drive Leaf Compost site.

-City Council awarded contract on August 21, 2001 to Soil & Materials Engineers for monitoring and analysis of groundwater impact of the new compost operation. Drilling was completed in October 2001 and first sampling cycle was completed in February 2002. Semi annual sampling was performed from 2002 to 2009 in June and January. Sampling and analysis results continue to show no groundwater impacts from the leaf composting. Sampling schedule was reduced to annual sampling in 2009 with results showing continued minor impact on groundwater quality. The 2010 report was received with results showing minimal impact on groundwater. Annual sampling completed in June 2011 minimal impacts noted. Next sampling scheduled for June 2012.

National Pollution Discharge Elimination System (NPDES) permit implementation  
 Five year plan to implement the current NPDES stormwater permit.

-Received NPDES general permit on August 15, 2001. Renewal Application submission was made to MDEQ on March 7, 2003. New permit received in 2004 mandates involvement in several county watershed groups. City staff completed the submission of a Stormwater Pollution Prevention Initiative (SWIPPI) as required by NPDES permit. SWIPPI submitted on October 21, 2005. New certificate of coverage permit was issued by MDEQ on September 30, 2009. New permit covers a 5 year timeframe with first work item (updating the Public Participation Plan) due December 11, 2009. Plan update completed with other local governments and submitted November 24, 2009. Staff completed an updated SWIPPI submittal to MDNRE. SWIPPI was submitted for MDNRE approval on June 25, 2010. Permit implementation is ongoing. Received a notice from MDNRE rescinding the 2008 permit due to a recent court case ruling. MDNRE reinstated the 2003 permit for implementation. Information on new permit requirement was received February 2011. MDNRE expected to issue new permit in 2014. City staff presented public information with other local agencies

at the 2011 Home Expo on March 9-12, 2011. Tour of Liberty Park Stormwater treatment was held September 6, 2011 for the Southwest Michigan Soil Control Association. 2010-11 annual report was submitted on January 20, 2012. Implementation is ongoing. Stormwater informational talk was given to Pfizer, Inc., employees on April 28, 2012. *MDEQ scheduled an audit of the program for July 12, 2012. Audit completed with satisfactory results. Several follow-up items with MDEQ to be addressed by staff.*

National Pollution Discharge Elimination System (NPDES) permit implementation  
Kalamazoo River Mainstem Watershed Management Plan

-First meeting was held September 17, 2004. Proposals for completing the watershed plan were received by Kalamazoo County on September 15, 2005 and a contract awarded to Kieser & Associates in November 2005. Draft watershed plan submitted to MDEQ on December 30, 2005. Review comments received from MDEQ and revised watershed plan due in December 2006. A letter not to revise the Watershed Plan was submitted to the MDEQ on March 17, 2008. Public participation plan update submitted to MDEQ on November 24, 2009. Kalamazoo River Water Festival was held on August 14, 2010 with City of Portage participation. Preliminary grant request submitted September 16, 2010 for West Fork of Portage Creek storm water enhancements. Complete grant application was submitted on October 25, 2010. Notice received July 18, 2011 that grant application was not awarded. Kalamazoo River Watershed council completed a watershed update in November, 2011. No new developments.

Portage River Watershed Management Plan

-Public participation plan submitted June 28, 2004. Proposals for a Watershed Management Plan were received by the Kalamazoo County Road Commission and a contract awarded to the Kalamazoo County Conservation Service in November 2005. Draft watershed plan submitted to MDEQ on December 30, 2005. Follow-up meetings are held monthly to facilitate an implementation schedule. Portage River Watershed public meeting held in Vicksburg on April 11, 2006. Review comments received from MDEQ and revised watershed plan due November 2006. Revised Watershed Plan submitted November 30, 2006, follow up meetings to be held as necessary. A letter not to revise the Watershed Plan was submitted to the MDEQ on March 17, 2008. Public participation plan update submitted to MDEQ on November 24, 2009. Based upon MDEQ comments, the plan was revised and resubmitted on December 21, 2009. Interest has been raised by local conservation groups to update the current Watershed Plan using grant funds. Meeting held on May 9, 2011 among stakeholders to determine interest in updating the current water shed plan. Second meeting held on June 20, 2011, and grant application submitted by Kalamazoo and Calhoun County Conservation District to update the Watershed Plan. Grant outcome pending.

Plan to implement and maintain an Illicit Discharge Elimination Program (IDEP).

-On October 21, 2001, City Council awarded a contract to Fishbeck, Thompson, Carr and Huber for the Portage Creek element of the IDEP, which was completed in July 2002. On February 19, 2002, City Council approved a new ordinance as required by the NPDES permit titled "Storm Water Illicit Discharges and Connections". On April 28, 2004, City Council accepted a grant from the State of Michigan in the amount of \$152,264 and awarded a contract to Fishbeck, Thompson, Carr and Huber in the amount of \$184,264 for the remainder of the IDEP for the entire city. Program implementation is ongoing as funding allows. Continued outfall sampling is required by permit and will be budgeted accordingly. IDEP program was updated for submittal to MDNRE on June 25, 2010, and part of the SWIPPI. Implementation is ongoing.

Storm Sewer Outfall Testing

On March 23, 2011 City Council awarded a four year contract to Wightman Environmental to perform testing of (selected storm sewers). Surface water discharges. This work is required as part of the NPDES permit. 2011 annual report received with minor surface water impacts from the Woodland Avenue discharge. Testing will continue annually and is reported to MDEQ.

Garden Lane Arsenic Removal Facility

Construction of a water treatment facility at the Garden Lane Wellfield to remove arsenic, iron and manganese from the groundwater.

-City Council approved an agreement with Fishbeck, Thompson, Carr & Huber, Inc. on January 10, 2006 to prepare a feasibility study to meet new USEPA arsenic standards for drinking water. Feasibility study completed in August 2006. Engineering proposals for the project were received August 14, 2007. Project engineering awarded to Earth Tech by City Council on September 11, 2007. Contract awarded by City Council on December 16, 2008 to Adams Building Contractors, Inc., Jackson, Michigan. Preconstruction meeting was held January 29, 2009. Facility is in operation with ribbon cutting held August 2, 2010. City staff gave a presentation on August 9, 2010 to the Michigan Chapter of the American Water Works Association about the arsenic removal of the facility. The facility is producing approximately one million gallons of water per day. Staff conducted a tour of the facility on April 27, 2011 to the local Chapter of the National Society of Professional Engineers. Facility is in regular operation. *Plant tour for Stryker Engineering group was held on June 19, 2012. City Staff in conjunction with the Environmental Board is working on a sustainable native planting landscape design with Native Connections Inc. for the facility. Installation is planned for the Fall 2012.*

Environmental Incident/Spill Clean Up Notification

Environmental Protection Program to assist Portage Police/Fire Departments with spill containment and spill cleanup.

-The number of environmental incident/spill investigations performed in July 2012 – 0. Number of environmental cleanups in June – 0. Emergency spill response contract for 2012-13 with Terra Contracting is in place.

Hampton Wetland Area Water

Assistance with the Inverness

-Ongoing assistance with the Condominium Association to develop appropriate

Level	Condominium Association to Review Surface Water Levels	measures to regulate the rising water level in Hampton Wetlands Area located on the north side of West Centre Avenue and east of Angling Road. Met with MDNRE staff to determine feasible method to lower water levels. Association currently working with MDNRE permit staff on February 26, 2010 to clarify permit requirements. Lower groundwater table elevation has reduced the concerns from the Condominium Association. Conference call with MDNRE held on December 8, 2010 to discuss permit submission updates. Condo Association discussing project with other property owners for support. Association submitted a letter to City Administration asking that the city consider the Wetland Water Level Regulation a municipal project. On March 22, 2011, city staff response recommending the Association consider governmental lake board. The Association is considering next steps. No new developments.
Southwest Michigan Regional Sustainability Covenant	Collaborative effort with local government, academic, and other stakeholders to lead toward environmental, economic and social sustainability.	-On May 12, 2009, City Council approved the Southwest Michigan Regional Sustainability Covenant. A sustainability work session was held April 14, 2010, to review elements of the covenant in cooperation with the City of Kalamazoo and the City of Battle Creek. A grant application was made to MDNRE for a greenhouse gas inventory study of the area. Notice received July 15, 2010 that the grant application was not successful. City staff attended a September 10, 2010 meeting in Grand Rapids to discuss sustainable economic, environment, and society programs. No new developments.



michigan municipal league

Better Communities.  
Better Michigan.

1675 Green Road  
Ann Arbor, MI 48105

ph 734.662.3246 800.653.2483  
fax 734.662.8083  
www.mml.org

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AUG 13 2012

CITY MANAGER'S OFFICE  
PORTAGE, MI



August 9, 2012

Michigan Municipal League Annual Meeting Notice

*(Please present at the next Council, Commission or Board Meeting)*

Dear Official:

The Annual Convention of the Michigan Municipal League will be held on Mackinac Island, October 3-5, 2012. The annual meeting is scheduled for 11:00 am on Wednesday, October 3 in the Terrace Room at the Grand Hotel. The meeting will be held for the following purposes:

1. Election of Trustees. To elect six members of the Board of Trustees for terms of three years each (see #1 on page 2).
2. Policy. A) To vote on the Core Legislative Principles document. B) If the League Board of Trustees has presented any resolutions to the membership, they also will be voted on. (See #2 on page 2.)

A) In regard to the proposed League Core Legislative Principles, the document is available on the League website at <http://www.mml.org/delegate>. If you would like to receive a copy of the proposed principles by fax, please call Susan at the League at 800-653-2483.

B) In regard to resolutions, member municipalities planning on submitting resolutions for consideration by the League Trustees are reminded that under the Bylaws, they must be submitted to the Trustees for their review by September 3, 2012.

3. Other Business. To transact such other business as may properly come before the meeting.

Designation of Voting Delegates

Pursuant to the provisions of the League Bylaws, you are requested to designate by action of your governing body one of your officials who will be in attendance at the Convention as your official representative to cast the vote of the municipality at the annual meeting, and, if possible, to designate one other official to serve as alternate. Please submit this information through the League website by visiting <http://www.mml.org/delegate> no later than September 21, 2012.

Regarding the designation of an official representative of the member to the annual meeting, please note the following section of the League Bylaws:

“Section 4.4 - Votes of Members. Each member shall be equally privileged with all other members in its voice and vote in the election of officers and upon any proposition presented for discussion or decision at any meeting of the members. Honorary members shall be entitled to participate in the discussion of any question, but such members shall not be entitled to vote. The vote of each member shall be cast by its official representative attending the meeting at which an election of officers or a decision on any proposition shall take place. Each member shall, by action of its governing body prior to the annual meeting or any special meeting, appoint one official of such member as its principal official representative to cast the vote of the member at such meeting, and may appoint one official as its alternate official representative to serve in the absence or inability to act of the

principal representative.”

### 1. Election of Trustees

Regarding election of Trustees, under Section 5.3 of the League Bylaws, six members of the Board of Trustees will be elected at the annual meeting for a term of three years. The regulations of the Board of Trustees require the Nominations Committee to complete its recommendations and post the names of the nominees for the Board of Trustees on a board at the registration desk at least four hours before the hour of the business meeting.

### 2. Statements of Policy and Resolutions

Regarding consideration of resolutions and statements of policy, under Section 4.5 of the League Bylaws, the Board of Trustees acts as the Resolutions Committee, and “no resolution or motion, except procedural and incidental matters having to do with business properly before the annual meeting or pertaining to the conduct of the meeting, shall be considered at the annual meeting unless it is either (1) submitted to the meeting by the Board of Trustees, or (2) submitted in writing to the Board of Trustees by resolution of the governing body of a member at least thirty (30) days preceding the date of the annual meeting.” Thus the deadline this year for the League to receive resolutions is **September 3, 2012**. Please submit resolutions to the attention of Daniel P. Gilmartin, Executive Director/CEO at 1675 Green Rd., Ann Arbor, MI 48105. Any resolution submitted by a member municipality will go to the League Board of Trustees, which serves as the resolutions committee under the Bylaws, which may present it to the membership at the Annual Meeting or refer it to the appropriate policy committee for additional action.

Further, “Every proposed resolution submitted by a member shall be stated in clear and concise language and shall be accompanied by a statement setting forth the reasons for recommending the proposed resolution. The Board shall consider the proposal at a Board meeting prior to the next annual meeting and, after consideration, shall make a recommendation as to the advisability of adopting each such resolution or modification thereof.”

### 3. Posting of Proposed Resolutions and Core Legislative Principles

The proposed Michigan Municipal League Core Legislative Principles and any new proposed Resolutions recommended by the Board of Trustees for adoption by the membership will be available on the League website, to permit governing bodies of member communities to have an opportunity to review such proposals and delegate to their voting representative the responsibility for expressing the official point of view of the member at the annual meeting.

The Board of Trustees will meet on Wednesday, October 3 at the Grand Hotel for the purpose of considering such other matters as may be requested by the membership, in addition to other agenda items.

Sincerely,



Karen Majewski  
President  
Mayor of Hamtramck



Daniel P. Gilmartin  
Executive Director & CEO  
Enc.

# CITY OF PORTAGE

# COMMUNICATION

**TO:** Honorable Mayor and City Council

**DATE:** August 8, 2012

**FROM:** Maurice S. Evans, City Manager

*MSE (for M. Evans)*

**SUBJECT:** Tax Exemption for Centre Street Village Apartments

- ACTION RECOMMENDED:** That City Council:
- a. accept for first reading an ordinance to amend the Codified Ordinances of the City of Portage to grant Centre Street Village II Limited Dividend Housing Association Limited Partnership a tax exemption and establish a payment in lieu of taxes for the Centre Street Village Apartments located at 2151 East Centre Avenue; and
  - b. take final action on August 28, 2012.

The attached communication from Community Development Director Georgeau explains a request from Centre Street Village II Limited Dividend Housing Association Limited Partnership (Centre Street Village II) for a tax exemption for the acquisition and rehabilitation of Centre Street Village Apartments, a 65-unit multiple-family housing complex located at 2151 East Centre Avenue. When the Centre Street Village Apartments were constructed in 1994, the city adopted an ordinance that provided a tax exemption and established a Payment in Lieu of Taxes (PILOT) that requires payment to the city equal to four percent of the annual shelter rent. At that time, the PILOT ordinance facilitated affordable rental housing (20 of the 65 units were reserved for low and moderate income persons or families). The city has also adopted PILOT ordinances for the Spring Manor Apartments, The Crossings II Apartments, Barrington Woods Apartments, the Hearthside Apartments I & II, and a single-family affordable rental dwelling at 1506 Schuring Road.

The applicant proposes a \$2 million rehabilitation of the Centre Street Village Apartments, financed with a mortgage from the U.S. Department of Housing and Urban Development (HUD) and Low Income Housing Tax Credits (LIHTC) through the Michigan State Housing Development Authority (MSHDA). As part of the proposal, the number of housing units reserved for low and moderate income persons or households will be increased to 64 units, with one unit reserved for an on-site manager. As explained by the applicant, the award of LIHTC from MSHDA is very competitive and the established criteria awards additional points for applications that have a local PILOT ordinance in place for the project.

The request by Centre Street Village II has been carefully reviewed. A tax abatement and PILOT equal to six percent of annual shelter rent for this project is recommended. The proposal is consistent with the City Council quality of life goal to ensure decent and safe housing and improve neighborhood livability. This action is also consistent with the 2011-15 Consolidated Plan, which has been accepted by the City Council and approved by the U.S. Department of Housing and Urban Development as part of the Community Development Block Grant program.

It is recommended that Council accept the application and proposed ordinance for first reading and take final action on the ordinance on August 28, 2012.

Attachment: Department of Community Development Communication

## CITY OF PORTAGE

## COMMUNICATION

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**TO:** Maurice S. Evans, City Manager

**DATE:** August 8, 2012

**FROM:** Vicki Georgeau, <sup>VA</sup> Director of Community Development

**SUBJECT:** Tax exemption for Centre Street Village Apartments

### **Introduction**

Centre Street Village II Limited Dividend Housing Association Limited Partnership (Centre Street Village II) has requested a property tax exemption for the acquisition and rehabilitation of the Centre Street Village Apartments, a 65-unit multiple-family housing complex located at 2151 East Centre Avenue. When the Centre Street Village Apartments were constructed in 1994, the city adopted an ordinance that provided a tax exemption and established a Payment in Lieu of Taxes (PILOT) that requires payment to the city equal to four percent of the annual shelter rent as permitted by State Housing Development Authority Act (Public Act 346 of 1966, as amended). At that time, the PILOT ordinance facilitated affordable rental housing, with 20 of the 65 units reserved for low and moderate income persons or families. The city has also adopted PILOT ordinances for the Spring Manor Apartments, The Crossings II Apartments, Barrington Woods Apartments, the Hearthsides Apartments I & II, and a single-family affordable rental dwelling at 1506 Schuring Road (owned by the Kalamazoo Family Non-Profit Housing Corporation).

As outlined in the correspondence from Centre Street Village II, the project will involve a rehabilitation of the development estimated at \$2 million, which will be financed with a mortgage from the U.S. Department of Housing and Urban Development (HUD) and Low Income Housing Tax Credits (LIHTC) through the Michigan State Housing Development Authority (MSHDA). As explained by the applicant, the award of LIHTC from MSHDA is very competitive and the established criteria awards additional points for applications that have a local PILOT ordinance in place for the project.

As part of the proposal, the number of housing units reserved for low and moderate income persons or households will be increased to 64 units. In particular, 32 units will be rented at rates affordable for households at or below 40% of the Area Median Income (AMI), and 32 units will be rented to households at or below 60% of AMI, and one unit will be reserved for the on-site manager.

### **Michigan Public Act 346 of 1966**

MSHDA was created and tax exemptions and Payment of Lieu of Taxes were permitted for certain housing developments. Act 346 stipulates: 1) that a tax exemption granted for eligible projects remains in effect for as long as the authority or federally-aided mortgage is outstanding; 2) any payments in lieu of taxes received by the city must be distributed to the affected taxing units in the same proportion as the property tax in the previous calendar year; and 3) the city establish a service charge to be paid in lieu of taxes in order to implement the tax exemption for the eligible housing

project. The service charge is negotiable, but may not exceed the property tax that would be paid without a service charge.

The current four percent PILOT ordinance for Centre Street Village Apartments will remain in effect until 2024 should the proposed acquisition and rehabilitation project not come to fruition. While the applicant initially requested a four percent PILOT, consistent with the Hearthside Apartments I & II PILOT ordinance adopted in 2010, the city requested and the applicant has agreed to an increased PILOT of six percent of annual shelter rents. The proposed PILOT is for 35-years, which coincides with the term of the proposed mortgage and associated “affordability period” for the rental housing units reserved for low and moderate income persons and households.

### **Project Benefits and Costs**

There are a number of community benefits made possible by this project:

- The project fulfills goals of the 2011-2015 Consolidated Plan approved by City Council, as part of the Community Development Block Grant program;
- The project will fulfill the goal to partner with for-profit and non-profit developers by providing a Payment in Lieu of Taxes incentive to help meet financing requirements for affordable housing;
- Approval of the proposed project will demonstrate the continued commitment on the part of the city to enhance the range of housing choice for low income and special needs residents;
- Based on data included in the Consolidated Plan, there are approximately 4,350 low income households in Portage that have a housing cost burden, who are paying over 30% of their income on housing expenses. Among low income renters, 60% of these households have a housing cost burden.
- The project is consistent with the Comprehensive Plan and rehabilitation will result in improvement to the property and will facilitate a \$2 million investment, which will also create and retain jobs.

The current PILOT results in \$3,101 of annual revenue to the city and \$18,537 for all units of governments (based on the most recent five-year average PILOT payments).

As with all developments, there are costs to the City of Portage and other taxing jurisdictions to provide municipal services. In this case, and with similar housing developments, costs also include foregone tax revenues due to the existing and proposed PILOT. The service costs for the development include public safety and general government services, and the cost per dwelling to the city for a multiple-family development has been estimated by the Finance Department as shown in the following table.

<b>General Fund</b>	<b>Estimated Annual Cost Per Unit</b>
Police	\$414
Fire	\$217
Other	\$446
Subtotal	\$1,077
<b>TOTAL COST (65 units)</b>	<b>\$70,005</b>

With regard to foregone tax revenue, the development has been tax exempt since its construction. Based on a recent review by the Office of City Assessor, the property, if not tax exempt, would have an estimated annual Ad-Valorem Tax Liability of \$150,796. The table on the top of page 3 illustrates annual foregone tax revenue for all taxing units, compared to average tax revenue (over 35-years) that would be received from the proposed PILOT.

<b>Taxing Unit</b>	<b>Estimated Annual Tax Revenue Without Tax Exemption/PILOT</b>	<b>Estimated Average Annual Revenue with PILOT</b>
City of Portage	\$28,759	\$5,173
State Education	\$16,010	\$2,880
School Operating	\$48,030	\$8,639
School Building/Debt	\$15,476	\$2,784
Portage District Library	\$4,002	\$720
KVCC	\$7,507	\$1,350
KRESA	\$12,986	\$2,336
Kalamazoo County	\$16,373	\$2,945
County Transport	\$1,067	\$192
County Juvenile	\$585	\$105
	\$150,796	\$27,123

NOTE: The minimum PILOT payment to all taxing units proposed by the ordinance amendment is \$24,318, but the PILOT payment is projected to increase to \$30,005 over the 35-year period of the PILOT.

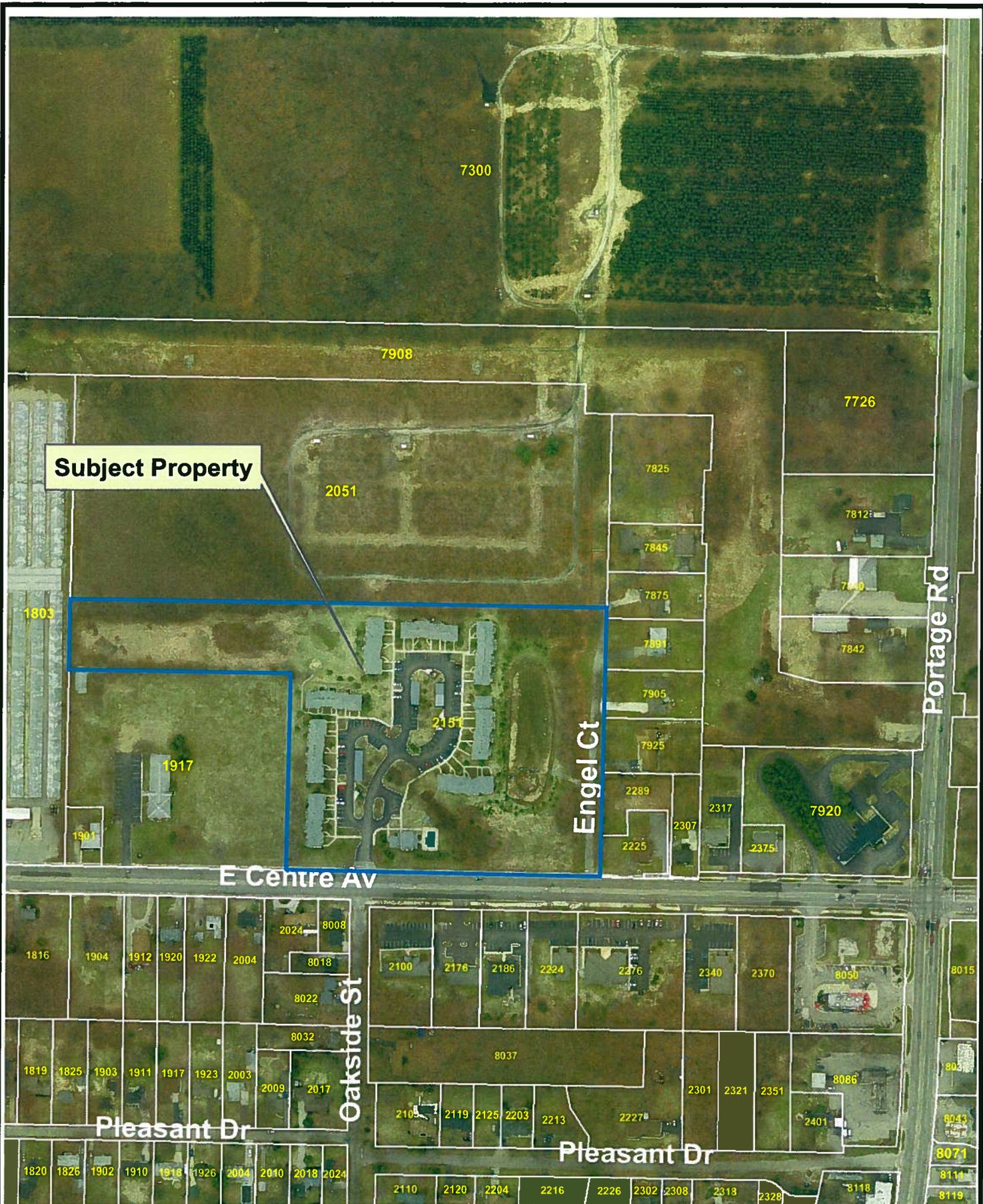
The estimated annual cost of services incurred by the City of Portage is \$70,005 compared to the \$5,173 average annual revenue that would be received by the city with the proposed PILOT. Service costs for the existing development are not anticipated to increase with the proposed acquisition and rehabilitation project.

### **Review/Recommendation**

The Department of Community Development has reviewed the application, and discussed the project with the applicant and the Office of the City Attorney. In addition, the City Attorney has approved the proposed ordinance amendment establishing a tax abatement and PILOT for City Council review and consideration. A tax exemption with a six percent PILOT is recommended as referenced in the attached amendment to Chapter 70, Article 2, Division 10 of the Code of Ordinances. The proposed ordinance, if adopted, would also repeal the PILOT in Division 5, for Centre Street Village Project, effective only after the acquisition of the property by Centre Street Village II Limited Dividend Housing Association Limited Partnership receipt/closure of the federally-aided mortgage.

Attachments: Vicinity Map  
Correspondence from Centre Street Village II LDHA LP dated August 6, 2012  
Proposed PILOT Ordinance

c: Deputy City Manager Brian J. Bowling  
City Attorney Randy Brown



**Subject Property**

**Vicinity Map**  
**Centre Street Village Apartments**  
**2151 East Centre Avenue**



Imagery: March 2009

1 inch = 300 feet



August 6, 2012 (via e-mail)

Vicki Georgeau, AICP  
Director, Community Development  
City of Portage  
7900 South Westnedge Avenue  
Portage, MI 49002

Re: Centre Street Village Apartments  
East Centre Street, Portage, MI  
"PILOT" Ordinance/City Code Division 5, Sections 70-141 et seq

Dear Ms. Georgeau:

The purpose of this letter is to formally request that the City Council, at its meeting scheduled for August 14, or as soon thereafter as legally permitted, consider and adopt an ordinance amending the PILOT ordinance previously enacted for this project.

We are planning on prepaying the MSHDA loan, replacing it with a HUD Section 223(f) insured loan, and making application to MSHDA for an award of Low Income Housing Tax Credits ("LIHTC"). That application is due on August 15, 2012. It is a very competitive process and points are awarded based on the character of the property, including the enactment of a PILOT for its benefit.

If tax credits are awarded, the property would be sold to a new limited partnership, in which a Lockwood entity would be the general partner. All units would be restricted to households with low and moderate incomes, and monthly rents would be similarly limited consistent with LIHTC provisions. Lockwood Management would continue to operate the day-to-day operations of the development.

The proceeds of the new loan and syndication of the LIHTC will be used for the acquisition and rehabilitation of Centre Street Village. Our estimate of rehabilitation related expenses are approximately \$2,000,000, and it is expected that those repairs and renovations would include, but not be limited to, new roofs, resurfacing of drives and parking areas, siding repairs and/or replacement, interior and exterior painting, apartment unit appliance replacements, updating of kitchen cabinetry and counters, updating bathroom fixtures, replacement of apartment HVAC units with Energy Star rated equipment, entry door repairs or replacement, window repairs or replacements, electrical upgrades, etc.

Vicki Georgeau, AICP  
 Director, Community Development  
 August 6, 2012  
 Page 2

The rate of the service charge we propose is 6% of Annual Shelter Rents, which is in excess of the 4% rate provided in the existing ordinance for Centre Street Village. Annual Shelter Rents is defined as the total rents collected during a Calendar Year from all occupants of the project representing rent or occupancy charge, exclusive of charges for gas, electricity, heat or other utilities furnished to the occupants by the Sponsor. The proforma for the anticipated operations of the Project is as follows (\* AMI represents Area Median Income, adjusted for household size):

**Operating Proforma for Centre Street Village Apartments**

	No. of Units	Income/Rent Limit for Households	Bedrooms	Baths	Monthly Rent	Annual Rental Income
	28	60% of AMI*	2	1.5	\$757	\$254,352
	4	60% of AMI	3	2.0	\$860	\$41,280
	1	N/A (This is an Employee Unit)	2	1.5	N/A	N/A
	28	40% of AMI	2	1.5	\$473	\$158,928
	4	40% of AMI	3	2.0	\$531	\$25,488
Totals	65					\$480,048
Estimated Vacancy @ 7%						(\$33,603)
Collected Rents						\$446,445
Estimated Sponsor Paid Utilities						(\$41,168)
Annual Shelter Rents						\$405,277
6% PILOT						\$24,317

Vicki Georgeau, AICP  
Director, Community Development  
August 6, 2012  
Page 3

It is important that the term of the new PILOT be coterminous with the expected HUD-insured loan, to wit: 35 years from the date of the acquisition of the property by Centre Street Village II Limited Dividend Housing Association Limited Partnership. This will accomplish two (2) purposes: (1) it will satisfy the minimum MSHDA requirement, and (2) it will allow the HUD lender to underwrite the amount of the new loan using the PILOT (otherwise the lender would determine the loan size based on what it estimates might be the market rate taxes; the result would be a reduction of the loan amount by approximately \$17.00 for each dollar of increased taxes over and above the PILOT amount shown above). The same would be true in the event the amount of the PILOT payment was increased over what is shown above. As an example, if the amount of the PILOT was increased to \$32,422 per year (a rate of 8% per year), the anticipated mortgage would be reduced by \$136,000, and would have a very negative impact on our ability to consummate the purchase of the property and perform all the contemplated rehabilitation.

We do not seek the repeal of current PILOT. We expect that it will continue in effect until the acquisition of the property by Centre Street Village II LDHA LP, the closing and funding of a federally-aided mortgage (anticipated to be a HUD Section 223(f) insured conventional loan), the allocation of Low Income Housing Tax Credits to the project by MSHDA, and the commencement of rehabilitation of the property by the Sponsor, all on or before December 31, 2013. If all of the foregoing does not occur, the amendment will automatically terminate and be null and void, and the current PILOT ordinance would continue to be in effect.

We appreciate this is very short notice, but is prompted by the fact that MSHDA did not publish its new Qualified Allocation Plan ("QAP"), setting forth its criteria for the award of LIHTC until July 17, 2012. That QAP establishes August 15, 2012, as the deadline for the submission of applications. I have spoken with a MSHDA representative to learn if we could get relief from the PILOT requirement (since one was already in effect) and the "deadline" was so short. My request was denied.

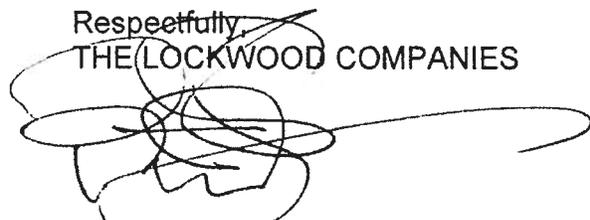
We are proud of our ownership of Centre Street Village, and believe the improvements and enhancements we envision will be an asset to the community, and a benefit to current and future households.

Vicki Georgeau, AICP  
Director, Community Development  
August 6, 2012  
Page 4

If you are in need of any additional information, please let me know and it will be promptly furnished.

We appreciate your courtesies and your very timely responses to my earlier e-mails and phone calls.

Respectfully,  
THE LOCKWOOD COMPANIES

A large, stylized handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke extending to the right.

Robert J. Salomon  
Director of Asset Management  
DIRECT DIAL: 248-202-3590

**CENTRE STREET VILLAGE APARTMENTS**

**PROJECTED 6% PILOT ANALYSIS**

<u>PILOT %</u>	<u>YEAR</u>	<u>GROSS RENT POTENTIAL</u>	<u>VACANCY LOSS</u>	<u>SITE PAID UTILITIES</u>	<u>NET SHELTER RENTS</u>	<u>ESTIMATED PILOT PAYMENT</u>
6.00%	1	\$480,048	(\$33,603)	(\$41,146)	\$405,299	\$24,318
6.00%	2	\$484,848	(\$33,939)	(\$43,615)	\$407,294	\$24,438
6.00%	3	\$489,697	(\$34,279)	(\$46,232)	\$409,187	\$24,551
6.00%	4	\$494,594	(\$34,622)	(\$49,006)	\$410,967	\$24,658
6.00%	5	\$499,540	(\$34,968)	(\$51,946)	\$412,626	\$24,758
6.00%	6	\$504,535	(\$35,317)	(\$53,504)	\$415,714	\$24,943
6.00%	7	\$509,581	(\$35,671)	(\$55,109)	\$418,801	\$25,128
6.00%	8	\$514,676	(\$36,027)	(\$56,763)	\$421,886	\$25,313
6.00%	9	\$519,823	(\$36,388)	(\$58,466)	\$424,970	\$25,498
6.00%	10	\$525,021	(\$36,751)	(\$60,220)	\$428,050	\$25,683
6.00%	11	\$530,272	(\$37,119)	(\$62,026)	\$431,127	\$25,868
6.00%	12	\$535,574	(\$37,490)	(\$63,887)	\$434,197	\$26,052
6.00%	13	\$540,930	(\$37,865)	(\$65,803)	\$437,262	\$26,236
6.00%	14	\$546,339	(\$38,244)	(\$67,778)	\$440,318	\$26,419
6.00%	15	\$551,803	(\$38,626)	(\$69,811)	\$443,366	\$26,602
6.00%	16	\$557,321	(\$39,012)	(\$71,905)	\$446,403	\$26,784
6.00%	17	\$562,894	(\$39,403)	(\$74,062)	\$449,429	\$26,966
6.00%	18	\$568,523	(\$39,797)	(\$76,284)	\$452,442	\$27,147
6.00%	19	\$574,208	(\$40,195)	(\$78,573)	\$455,441	\$27,326
6.00%	20	\$579,950	(\$40,597)	(\$80,930)	\$458,424	\$27,505
6.00%	21	\$585,750	(\$41,002)	(\$83,358)	\$461,389	\$27,683
6.00%	22	\$591,607	(\$41,413)	(\$85,859)	\$464,336	\$27,860
6.00%	23	\$597,523	(\$41,827)	(\$88,434)	\$467,262	\$28,036
6.00%	24	\$603,499	(\$42,245)	(\$91,087)	\$470,166	\$28,210
6.00%	25	\$609,534	(\$42,667)	(\$93,820)	\$473,046	\$28,383
6.00%	26	\$615,629	(\$43,094)	(\$96,635)	\$475,900	\$28,554
6.00%	27	\$621,785	(\$43,525)	(\$99,534)	\$478,727	\$28,724
6.00%	28	\$628,003	(\$43,960)	(\$102,520)	\$481,523	\$28,891
6.00%	29	\$634,283	(\$44,400)	(\$105,595)	\$484,288	\$29,057
6.00%	30	\$640,626	(\$44,844)	(\$108,763)	\$487,019	\$29,221
6.00%	31	\$647,032	(\$45,292)	(\$112,026)	\$489,714	\$29,383
6.00%	32	\$653,502	(\$45,745)	(\$115,387)	\$492,371	\$29,542
6.00%	33	\$660,038	(\$46,203)	(\$118,848)	\$494,986	\$29,699
6.00%	34	\$666,638	(\$46,665)	(\$122,414)	\$497,559	\$29,854
6.00%	35	\$673,304	(\$47,131)	(\$126,086)	\$500,087	\$30,005
<b><u>TOTAL ESTIMATED PILOT CHARGES PAID DURING THE MORTGAGE TERM</u></b>						<b><u>\$949,295</u></b>

**SCORING CRITERIA**

**B. Municipal Support**

<b>Possible Points</b>	<b>Self Score</b>
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**1. Tax Abatement**

15	15
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A project application that submits evidence of local support in the form of tax abatement or fixing the current tax rate may receive points according to the chart below. These points will also be available to existing projects for which tax abatement has previously been in place and the municipality has extended.

To receive any points for tax abatement, any project-specific tax abatement ordinance or area wide tax abatement ordinance with a qualifying resolution submitted with an application must meet Authority requirements and must state the length of time the PILOT or locking of taxes will be in effect (minimum of 15 years). Projects located in the City of Detroit must submit the project specific tax abatement resolution or a copy of the Detroit tax abatement ordinance, and a letter from the City of Detroit stating that the project is eligible for tax abatement. If location in a Renaissance Zone is presented as evidence of tax abatement, the project must document that tax abatement will be effective for the 15 year compliance period.

Points will be awarded under the highest applicable category, not under multiple categories.

Tax Abatement Categories	Elderly Project	Family, PSH
Letter from municipality stating that the PILOT ordinance will be in effect for 15 years or more or that the taxes will be fixed for 15 years or more, it is on the approving board's agenda, and the date that the PILOT or tax rate fix is expected to be approved	3 Points	6 Points
Project-specific ordinance that locks the property taxes at the current level with no increase for a minimum of 15 years	5 Points	10 Points
Project-specific tax abatement ordinance in place for the entire 15 year compliance period	6 Points	12 Points
Project specific tax abatement ordinance in place for longer than the 15 year compliance period	10 Points	15 Points

www.michigan.gov  
(To Print: use your browser's print function)

Release Date: March 22, 2002  
Last Update: September 09, 2008

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## Low Income Housing Tax Credit (LIHTC)

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### A Tax Incentive for Housing Investors

The Low Income Housing Tax Credit Program is an investment vehicle created by the federal Tax Reform Act of 1986, which is intended to increase and preserve affordable rental housing by replacing earlier tax incentives with a credit directly applicable against taxable income. Administered in Michigan by the Michigan State Housing Development Authority (MSHDA), this program permits investors in affordable rental housing who are awarded the credit- corporations, banking institutions, and individuals - to claim a credit against their tax liability annually for a period of 10 years.

### A Community Reinvestment Opportunity

Corporate investors in this program are able to receive the tax credit and may also get additional tax benefits in the form of losses and depreciation. Furthermore, financial institutions may receive credit under the Community Reinvestment Act for their participation in tax credit developments, while corporate entities will be assisting in the creation of affordable housing in Michigan communities.

### How the Tax Credit Program Works

The maximum tax credit a project may receive is based on a percentage of the portion of rental housing (whether the housing is newly constructed or rehabilitated) that the owner agrees to maintain as both rent and income restricted for a period of at least 18 years. At a minimum, either 20 percent of the units must be for residents whose incomes do not exceed 50 percent of area median income or 40 percent of the units must be for residents whose incomes do not exceed 60 percent of the area median income (as determined and adjusted annually by HUD). The rents on the units must also be restricted. An annual credit equal to roughly 9 percent of the qualified basis of construction or rehabilitation costs is available to developments not utilizing federal or tax-exempt financing. An annual credit roughly equal to 4 percent of the qualified basis is applicable where federal or tax-exempt financing is utilized and, in certain cases, for acquisition cost associated with rehabilitation.

### The Tax Credit Allocation Process

Each state has an annual tax credit authority equal to \$2.00 per state resident. Michigan's annual authority is approximately \$20 million. The process used by MSHDA to evaluate applications and allocate credit is described in Michigan's Qualified Allocation Plan. Briefly, an application including detailed financial information and various supporting documentation, must be submitted to MSHDA for review and evaluation. The process involves three stages - reservation, commitment, and allocation of credit. The final determination of how much credit will actually be awarded is made at the allocation stage.

### To Obtain More Information

To obtain more information on Michigan's Low Income Housing Tax Credit Program, or to discuss how the credit can be applied to a specific project, call the Low Income Housing Tax Credit Program at

**(517) 373-6007**

**TTY#: 1-800-382-4568**

**The following example illustrates the value of the tax credit to a developer who constructs a 100-unit building at a total cost of \$60,000 per unit with taxable financing and reserves all of the apartments for low income tenants:**

### Construction Expenses

Development Costs	\$6,000,000
Less Land	-\$200,000

Eligible Basis	\$5,800,000
Percentage of Low Income Units	x 100%
<hr/>	
Qualified Basis	\$5,800,000
Applicable Credit Percentage	x 9%
<hr/>	
Annual Credit	\$522,000
Period of Credit	x 10 Years
<hr/>	
Total Credit over 10 years	\$5,220,000

**The following example illustrates the value of the tax credit to a housing sponsor who, using taxable financing, acquires a 15-unit building for \$120,000, spends \$200,000 on substantial rehabilitation, and subsequently rents six of the units to low income residents:**

**Rehabilitation/Acquisition Expenses**

**Acquisition Credit**

Building and Land	\$120,000
Less Land	-\$20,000
<hr/>	
Eligible Basis	\$100,000
Percentage of Low Income Units	x 40%
<hr/>	
Qualified Basis	\$40,000
Applicable Credit Percentage	x4% Annual
Acquisition Credit	\$1,600

**Rehabilitation Credit**

Rehabilitation Costs	\$200,000
Percentage of Low Income Units	x 40%
<hr/>	
Qualified Basis	\$80,000
Applicable Credit Percentage	x 9%

Low Income Housing Tax Credit (LIHTC)

Annual Rehab Credit            \$7,200

Acquisition Credit            \$1,600

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Total Annual Credit            \$8,800

Period of Credit                x 10 Years

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Total Credit over 10 years      \$88,000

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ORDINANCE TO AMEND THE CODE OF ORDINANCES OF THE CITY OF PORTAGE, MICHIGAN BY AMENDING ARTICLE 2 OF CHAPTER 70, TAXATION, TO ADD DIVISION 10, CENTRE STREET VILLAGE APARTMENTS PROVIDING FOR A SERVICE CHARGE IN LIEU OF TAXES AND TO REPEAL DIVISION 5 OF ARTICLE 2.

THE CITY OF PORTAGE ORDAINS:

That Article 2 of Chapter 70, Taxation, is hereby amended to add Division 10, Centre Street Village Apartments:

**Section 70-281. Preamble and intent.**

A. It is acknowledged that it is a proper public purpose of the State of Michigan and its political subdivisions to provide housing for its citizens of low income and to encourage the development of such housing by providing for a service charge in lieu of property taxes in accordance with the State Housing Development Authority Act (1966 PA 346 as amended). The City of Portage is authorized by this Act to establish or change the service charge to be paid in lieu of taxes by any or all classes of housing exempt from taxation under this Act at any amount it chooses, not to exceed the taxes that would be paid but for the Act.

B. The City of Portage acknowledges that Centre Street Village II Limited Dividend Housing Corporation Limited Partnership ("Sponsor") has offered, subject to receipt of a federally-aided Mortgage (as defined below) to rehabilitate, own and operate a housing development identified as Centre Street Village Apartments on certain property located in the City of Portage to serve persons of low income and that the Sponsor has offered to pay the City on account of this housing development an annual service charge for public services in lieu of all taxes.

**Section 70-282. Definitions.**

The following words, terms and phrases, when used in this Division, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:

- A. *Act* means the State Housing Development Authority Act (MCL 125.1401 et. seq.).
- B. *Annual Shelter Rent* means the total collections during an agreed annual period from all occupants of a housing development representing rent or occupancy charges, exclusive of charges for gas, electric, heat or other utilities furnished to the occupants.
- C. *Authority* means the Michigan State Housing Development Authority.
- D. *Federally-aided Mortgage* means any of the following:
  - (i) A below market interest rate mortgage insured, purchased, or held by the Secretary of the Department of Housing and Urban Development;
  - (ii) A market interest rate mortgage insured by the Secretary of Housing and Urban Development and augmented by a program of rent subsidies;

- (iii) A mortgage receiving interest reduction payments provided by the Secretary of the Department of Urban Housing and Development;
  - (iv) A mortgage on a housing project to which the Authority allocates low income housing tax credits under Section 22b of the Act; or
  - (v) A mortgage receiving special benefits under other federal law designated specifically to develop low and moderate-income housing, consistent with the Act.
- E. *Housing Development* means a development that contains a significant element of housing for Persons of Low and Moderate income and elements of other housing, commercial, recreational, industrial, communal and educational facilities as the Authority determines improve the quality of the development as it relates to housing for Persons of Low and Moderate Income.
- F. *Low Income Persons and families* shall have the same meaning as contained in the Section 15(a) of the Act.
- G. *Mortgage Loan* means any loan to be made by the Authority to the Sponsor for the construction and/or permanent financing of a housing development.
- H. *Property* means the real property commonly referred to as 2151 East Centre Avenue, Portage, Michigan, 49002, Parcel #:00014-041-O.
- I. *Sponsor* means Centre Street Village II Limited Dividend Housing Association Limited Partnership, 30100 Telegraph Rd., Birmingham, MI 48025, its transferees, successors and assigns in interest, which has applied (or is about to apply) to the Authority for Federally-aided Mortgage Loan to finance the Housing Development.

**Section 70-283. Exemption of Low Income Housing Developments Only.**

It is hereby determined that the class of housing developments to which the tax exemption shall apply and for which a service charge shall be paid in lieu of such taxes under this division shall be housing developments which are financed or assisted pursuant to the Act for persons of low income. It is further determined that Centre Street Village Apartments is of this class.

**Section 70-284. Amount of service charge.**

The housing development identified as Centre Street Village Apartments and the property on which it was constructed and located shall be exempt from all property taxes from and after its acquisition by the Sponsor and its receipt of a Federally-aided Mortgage. The city acknowledges that the Sponsor and the Authority have established the economic feasibility of the housing development in reliance upon the enactment and continuing effect of this Division and the qualification of the housing development for exemption from all property taxes and a payment in lieu of taxes as established in this Division. In consideration of the Sponsor's acquisition of the Property and proposed rehabilitation of the housing development, subject to the terms and conditions of the federally-aided mortgage to the Sponsor, the city hereby agrees to accept the payment of an annual service charge for public services in lieu of all property

taxes from the Sponsor. The annual service charge shall be equal to six percent (6%) of the Annual Shelter Rents for 15 years of operation after the acquisition of the Property, its receipt of a Federally-aided Mortgage and its commencement of its proposed rehabilitation but in any event not less \$24,318.00. Thereafter, for the 16<sup>th</sup> through 35<sup>th</sup> year, the annual service charge and minimum payment stated in this section shall be reviewed, and if the federally-aided mortgage is still in effect, the annual service charge and minimum payment stated in this section shall not change.

**Section 70-285. Payment of service charge.**

The service charge in lieu of taxes, as determined according to this division, shall be payable, enforceable and, if not paid timely, collectible in the same manner as general property taxes are payable to the city, except that the annual payment shall be made as follows:

- (1) The minimum payment of \$24,318.00 is due on or before December 31st of each year.
- (2) All additional amounts owing from the December 31st payment of the previous year, as determined to be owing based on an audit, is due on or before by July 1st of each year.

**Section 70-286. Verification of Annual Shelter Rent.**

The Sponsor shall verify annual shelter rent revenues to the city with a statement of profit and loss as reported to the State Housing Development Authority or other form of financial deemed suitable to the city.

**Section 70-287. Effective period of Division.**

This division shall:

- (1) Become effective only after Sponsor acquires the property and receives and closes a federally aided mortgage; and
- (2) Shall remain in effect and shall not terminate so long as a federally aided mortgage remains outstanding and unpaid or the Michigan State Housing Development Authority has any interest in the property, provided that rehabilitation of the housing development commences within one year from the effective date of the ordinance codified in this division. Upon satisfaction in full of the federally aided mortgage or termination of any interest of the Authority in the property, this division shall automatically terminate.

**Section 70-288. Contractual effect of Division.**

Notwithstanding the provisions of Section 15(a)(5) of the act (MCL 125.1415a(5), to the contrary, a contract between the city and the State Housing Development Authority with the Sponsor as third party beneficiary under the contract to provide tax exemption and accept payments in lieu of taxes, as described in this division is effectuated by enactment of this division.

**Section 70-289. Severability.**

The various sections and provisions of this division shall be deemed to be severable, and should any section or provision of this division be declared by any court of competent jurisdiction to be unconstitutional or invalid the same shall not affect the validity of the division as a whole or any section or provision of this division other than the section or provision so declared to be unconstitutional or invalid.

**Section 70-290. Repealer of Division 5 of Article 2, Chapter 70.**

Sections 70-141 through 70-170 of Article 2, Chapter 70 (Centre Street Village Project) shall be repealed in their entirety on the effective date (as provided in section 70-287(1)) of this amendment adding this division.

\_\_\_\_\_  
Peter J. Strazdas, Mayor

FIRST READING: \_\_\_\_\_  
SECOND READING: \_\_\_\_\_  
ORDINANCE #: \_\_\_\_\_  
EFFECTIVE DATE: \_\_\_\_\_

CERTIFICATION:

I, James R. Hudson, do hereby certify that I am the duly appointed and acting City Clerk of the City of Portage and that the foregoing ordinance was adopted by the City of Portage on the \_\_\_\_\_ day of \_\_\_\_\_, 2012.

\_\_\_\_\_  
James R. Hudson, City Clerk

Approved as to Form:

Date: 8/9/12  
RS

\_\_\_\_\_  
City Attorney

## CITY OF PORTAGE

## COMMUNICATION

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**TO:** Honorable Mayor and City Council

**DATE:** August 21, 2012

**FROM:** Maurice S. Evans, City Manager



**SUBJECT:** Ice Control Salt Purchase

**ACTION RECOMMENDED:** That City Council approve the purchase of ice control salt from:

- a. Detroit Salt Company in the low bid amount of \$45.21 per ton for 1,500 tons at a total cost not to exceed \$67,815 for early delivery;
- b. Detroit Salt Company in the low bid amount of \$54.91 per ton for 1,100 tons at a total cost not to exceed \$60,401 for seasonal back up on an as-needed basis;

and authorize the City Manager to execute all documents related to these purchases on behalf of the city.

Each year the city participates in the Michigan Delivering Extended Agreements Locally (MiDEAL) Program for the procurement of winter ice control salt. This purchasing program provides the city excellent economic savings due to the large volume purchasing power of the state. The state request for ice control salt bids is structured for early deliveries, as well as seasonal back up quantities delivered on an as-needed basis. Salt continues to be the most cost-effective deicing agent for assuring safe roadway travel during the winter months. Due to the mild winter last season a large stockpile of salt remains in storage on city grounds. Therefore, the city will need approximately forty-five percent of the early delivery salt for the 2012-2013 winter season as compared to the 2011-2012 winter season.

It is recommended that City Council approve the purchase of 1,500 tons of ice control salt for early delivery at \$45.21 per ton at a total cost not to exceed \$67,815 from the low bidder, Detroit Salt Company and 1,100 tons of ice control salt for seasonal back up on an as-needed basis at \$54.91 per ton at a total cost not to exceed \$60,401 from the low bidder, Detroit Salt Company and authorize the City Manager to execute all documents related to these purchases on behalf of the city. Funds are budgeted and available in the Major & Local Street budget for these purchases.

# CITY OF PORTAGE

# COMMUNICATION

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**TO:** Honorable Mayor and City Council

**DATE:** August 22, 2012

**FROM:** Maurice S. Evans, City Manager



**SUBJECT:** Angling Road Buffer Tree Planting Project

**ACTION RECOMMENDED:** That City Council award a contract for the planting and maintenance of 141 evergreen trees on Michigan Department of Transportation property to Spruce Trees Direct, LLC of Byron Center, Michigan in the amount of \$65,320 and authorize the City Manager to execute all documents related to this agreement on behalf of the city.

As City Council is aware, the City Administration has been working to re-establish a visual barrier to US-131 for residents along Angling Road between West Centre Avenue and Vanderbilt Avenue. The Angling Road Buffer Tree Planting Project will provide for the installation of 141 evergreen trees of three varieties. The project also includes maintenance of these trees for one year and a one year replacement warranty of dying or substandard trees. The tree buffer will be located on Michigan Department of Transportation (MDOT) property through a permit provided by MDOT. The city has retained the services of a professional landscape architect and the city professional forester to help design, bid and monitor the replacement trees.

Bid proposals were opened on August 21, 2012, with the low proposal submitted by Spruce Trees Direct, LLC of Byron Center Michigan in the amount of \$65,320. The tree planting credentials for Spruce Trees Direct, LLC were reviewed by city staff and the landscape architect. Spruce Trees Direct has excellent references and the resources to accomplish this tree planting and maintenance project for the benefit of the community. Subject to weather, all trees will be planted by September 21, 2012.

It is recommended that City Council award a contract to Spruce Trees Direct, LLC for the planting and maintenance of 141 evergreen trees on MDOT property in the amount of \$65,320 and authorize the City Manager to execute all documents related to this agreement on behalf of the city. Funds have been made available from 2011-2012 winter maintenance savings. The proposal tabulation is attached for City Council information.

Attachment

TABULATION OF PROPOSALS  
ANGLING ROAD BUFFER TREE PLANTING

<u>BIDDER</u>	<u>TOTAL BID</u>
Spruce Trees Direct LLC 8610 Farview Byron Center, MI 49315	\$65,320.00
Wedels Garden Center 5020 Texas Drive Kalamazoo, MI 49009	\$75,336.59
Murray Landscaping LLC 5132 S. 29th Street Kalamazoo, MI 49048	\$88,008.44

**MATERIALS TRANSMITTED**

Tuesday, August 14, 2012

1. Communication from the City Clerk regarding the Planning Commission vacancy – Information Only.



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Maurice S. Evans, City Manager

cc: Brian J. Bowling, Deputy City Manager