

CITY COUNCIL MEETING MINUTES FROM MARCH 12, 2013

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

At the request of Mayor Strazdas, Councilmember Terry Urban gave the invocation and the City Council and Boy Scout Troop 287 led the audience in the Pledge of Allegiance. Mayor Strazdas also recognized members of Boy Scout Troop 255 and indicated that the City of Portage has more Scouts per capita than any other city in the State of Michigan.

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

APPROVAL OF MINUTES: Mayor Pro Tem Reid indicated that even though Ron Warner, 202 Cliffwood Avenue, said that there was a fire at the 10323 Archwood Drive property, there never was a fire and asked that the minutes reflect that. Motion by Sackley, seconded by Campbell, to approve the February 26, 2013 Special Meeting Minutes as presented and the February 26, 2013 Regular Meeting Minutes as amended. Upon a voice vote, motion carried 6 to 0.

* **CONSENT AGENDA:** Mayor Strazdas asked Mayor Pro Tem Reid to read the Consent Agenda. Motion by Urban, seconded by Reid, to approve the Consent Agenda motions as presented. Upon a roll call vote, motion carried 6 to 0.

* **APPROVAL OF CHECK REGISTER OF MARCH 12, 2013:** Motion by Urban, seconded by Reid, to approve the Check Register of March 12, 2013. Upon a voice vote, motion carried 6 to 0.

PUBLIC HEARINGS:

SUMMIT POLYMERS, INC. – PA 198 TAX ABATEMENT: Mayor Strazdas summarized the purpose of the public hearing and deferred to City Manager Maurice Evans, who reviewed the request. He cited the PA 198 application for an Industrial Facilities Exemption Certificate for \$2,986,989, \$1,194,619 for real property and \$1,792,370 for personal property for the facility at 6715 Sprinkle Road located in Industrial Development District No. 56. He mentioned that this includes the construction of a 37,500 square foot building addition to increase manufacturing capacity to accommodate new business and seventeen new jobs with an average salary of approximately \$25,000 and the retention of 231 jobs.

At the request of Mayor Strazdas, Reed Kendall, Vice President of Business Planning, 7007 Division Avenue, Delton in Prairie View Township, and Dave Stachel, Materials Specialist – Systems, 1550 Sarasota Trail, Portage, introduced themselves as representatives from Summit Polymers, Inc., and explained that the company specializes in the design, engineering, and manufacturing of interior kinetic and decorative components and systems, and that Summit Polymers, Inc., hires highly skilled employees, from engineers to line workers, who are combined with advanced technology and state-of-the-art systems to deliver a quality product, on time, at a competitive price.

Dave Stachel indicated that this location is also the corporate headquarters for Summit Polymers, Inc., and is known as the Technical Center, so staff also includes finance, information technology, materials and engineering personnel. Mayor Strazdas thanked them and opened the public hearing to the audience.

There being no further discussion, motion by Sackley, seconded by Campbell, to close the public hearing. Upon a voice vote, motion carried 6 to 0.

Motion by Sackley, seconded by Urban, to adopt Resolution No. 4-13, approving the Industrial Facilities Exemption Certificate for Summit Polymers, Inc., at 6715 Sprinkle Road, for six years on the real property and three years on the personal property, in the total amount of \$2.99 million; and approve the tax abatement agreement and affidavit between the City of Portage and Summit Polymers, Inc. Discussion followed. Upon a roll call vote, motion carried 6 to 0. Resolution recorded on page 9 of City of Portage Resolution Book No. 45.

MANN+HUMMEL USA, INC. – PA 198 TAX ABATEMENT: Mayor Strazdas summarized the purpose of the public hearing and deferred to City Manager Maurice Evans, who reviewed the request for an Industrial Exemption Certificate from Mann+Hummel, USA, Inc. He indicated that there are three things for City Council to consider with this request: a waiver of the policy provision granting a six-year abatement period for the \$15.89 million in personal property investment, Resolution No. 4-13, approving the Industrial Facilities Exemption Certificate, and the tax abatement agreement and affidavit of fees.

Mr. Evans expressed his appreciation to Mann+Hummel, USA, Inc., for their investment in the Portage community of \$15.89 million in new machinery and equipment at 6400 Sprinkle Road located within Industrial Development District No. 48. He indicated that this investment will launch new programs to supply air induction systems and intake manifolds to General Motors, Toyota and Ford with the anticipation of 50 new jobs with an average salary of \$30,000 and the retention of 377 jobs.

At the request of Mr. Evans, Community Development Director Vicki Georgeau explained that City Council Policy is to grant a tax abatement for personal property for three years with the option for a company to come back to City Council to request a three-year extension. She then discussed the impact of some of the changes in the tax law over the last number of years and the proposed changes that will be before the voters statewide in August 6, 2014. She stated that the Administration recommendation is to grant the abatement to Mann+Hummel, USA, Inc., for personal property for three years

At the request of Mayor Strazdas, Christina Carroll, 28171 62nd Avenue, Lawton, Kurk Wilks, Director of Operations, 6160 Saddle Ridge Court, Texas Township, and Jack Andres, 3415 Runnymede Drive, Kalamazoo Township, spoke on behalf of the Mann+Hummel, USA, Inc., tax abatement request.

Ms. Carroll indicated that because of the amount of the investment and the number of employees Mann+Hummel, USA, Inc., will add and retain, she requested that the abatement be for six years instead of the three years outlined in City Council Policy. She pointed to the precedent approved by City Council with the Mann+Hummel, USA, Inc., tax abatement in 2009. She indicated that 95 of the Mann+Hummel, USA, Inc., employees are Portage residents and that Mann+Hummel, USA, Inc., has a temporary work force of 109.

Mr. Wilks interjected that the request for six years is primarily to support the business case for Mann+Hummel, USA, Inc., shareholders and an attempt to balance the business with the rewards of the community and the expectations of the shareholders.

At the request of Mayor Strazdas, Mr. Andres explained that Mann+Hummel, USA, Inc., designs and manufactures automotive components including complete air induction systems, intake manifolds, surge tanks and washer reservoirs, oil and fuel modules and filter elements for all major original equipment manufacturers (OEMs), as well as most Asian car manufacturers. Discussion followed.

Mayor Strazdas thanked them and opened the public hearing to the audience. Jennifer Owens, 1570 Drayton Court, representing Southwest Michigan First, expressed frustration over tax issues in Michigan and emphasized the need for companies like Mann+Hummel, USA, Inc., to have certainty in order to compete.

There being no further discussion, motion by Reid, seconded by Campbell, to close the public hearing. Upon a voice vote, motion carried 6 to 0.

Motion by Sackley, seconded by Campbell, to consider the request for a waiver of the policy provision granting a six-year abatement period for personal property; adopt Resolution No. 4-13, approving the Industrial Facilities Exemption Certificate for Mann+Hummel USA, Inc., at 6400 Sprinkle Road for six years for the planned personal property investment in the total amount of \$15.89 million; and approve the tax abatement agreement and affidavit between the City of Portage and Mann+Hummel USA, Inc. Discussion followed.

Councilmember Sackley offered an amendment to his motion to state, “to grant the request for a waiver of the policy provision granting a six-year abatement period for personal property” replacing the word “consider” with the word, “grant.” Councilmember Campbell concurred. Discussion followed. Mayor Pro Tem Reid expressed her concerns for city revenue from personal property tax in the future, praised Mann+Hummel, USA, Inc., but reminded the representatives of Mann+Hummel, USA, Inc., of City Council Policy and the balance necessary to protect the city’s interests. Councilmember Urban concurred with Mayor Pro Tem Reid and her comments regarding the uncertainty of future city revenue for essential services and recognized that this decision is being made not just for Portage, but for all non-municipal taxing entities in the County. However, he still spoke in support of the application, recognizing that Mann+Hummel, USA, Inc., has always “done what they said they would do.” Discussion followed. Upon a roll call vote, motion carried 5 to 1. Yeas: Councilmembers Sackley, Urban, Campbell and Pearson and Mayor Strazdas. No: Mayor Pro Tem Reid. Resolution recorded on page 13 of City of Portage Resolution Book No. 45.

COLLECTION (DONATION) BOXES ORDINANCE AMENDMENT (CHAPTER 24):

Mayor Strazdas mentioned that the purpose of the public hearing was to discuss the Collection Box Ordinance and deferred to City Manager Maurice Evans, who indicated that this concern was raised by Councilmember Pearson at the August 14, 2012 City Council Meeting. He reviewed the process as outlined in the Executive Summary in the City Council Agenda Packet and praised the efforts of Ms. Georgeau and City Attorney Randy Brown to accommodate several changes suggested by City Council during the first reading of the ordinance that have been folded into the final version of the proposed ordinance that is now before City Council. At the request of Mr. Evans, Ms. Georgeau indicated that there has been an increase of these collection boxes in Portage; that she has explored some best practices in this area; and, that the Portage approach is one of regulatory and licensing instead of a zoning approach given the proliferation, the health and safety considerations and the blight consequences of these boxes. She then summarized the main provisions of the ordinance and explained the rationale of these provisions. Discussion followed.

Councilmember Urban voiced his objections and opposition to having these boxes in the City of Portage and requested a tax lien consequence on the property for noncompliance. In answer to his question regarding the permission of the property owner, Ms. Georgeau agreed that the term “Manager” in the ordinance contemplates a “Manager owning” the property and not a tenant because it must be either the owner or someone acting on behalf of the owner and she recognized that amendments can be added at a later date to accommodate any nuances necessary. Councilmember Urban wanted this section to be more definitive or “pointed” in this regard. Discussion followed.

Mayor Strazdas opened the public hearing to the audience. Dan Dalton, who gave his address as 41000 Woodward Avenue, Bloomfield Hills, indicated that he is an attorney representing Planet Aid

and thanked City Council Staff and City Attorney Brown for their efforts on this ordinance and praised the proposed ordinance as fair and a model ordinance for other communities in the State of Michigan and explained the need to work with the managers who are on the property day-to-day as contacts with authority who can facilitate and execute business on the property on behalf of the owner. He also explained the need that the boxes be made of steel, said that two boxes on a site is fair and said that having the boxes insured was a good idea although that provision was stricken from the proposed ordinance and explained. Discussion followed.

Councilmember Urban cited a Planet Aid box placed on a property with permission, but the owner decided to have it removed based on complaints from his customers, but it took over two months to get it removed. Mr. Dalton did not have an answer for Councilmember Urban, but did indicate that the company has a policy of removal within 24 hours of a complaint and explained.

Dustin Holland, Vice President, Better World Books, 11560 Great Oaks Way, Alpharetta, Georgia, spoke in favor of the proposed ordinance and praised staff for their efforts and indicated that he was speaking on behalf of the Meijer Company, also.

Patrick Bennett, American Textile Recycling Services, 209 West Monroe, Jackson, Michigan, thanked the City of Portage for the proposed ordinance and concurred with Mr. Dalton and Mr. Holland.

There being no further discussion, motion by Reid, seconded by Campbell, to close the public hearing. Upon a voice vote, motion carried 6 to 0. Discussion followed and Councilmember Sackley offered a tacit suggestion that a permit number be placed on the box visible from the street as a logical tracking device. At the request of Mayor Strazdas, Mr. Brown explained that there was no need for an insurance requirement in the ordinance which was supported by the City Administration and the City Risk Manager. Discussion followed.

In answer to Councilmember Urban, Mr. Brown reaffirmed that these boxes cannot be banned, legally, and explained that there are Michigan Statutes that provide that a community cannot exclude a use totally when there is a demonstrated need. Discussion followed. Councilmember Urban voiced his objection to putting this responsibility on the real property owner and having a lien placed on property fifteen days after a violation. Discussion followed.

Motion by Pearson, seconded by Reid, to approve the Collection Boxes Ordinance Amendment as proposed. Discussion followed. Upon a roll call vote, motion carried 5 to 1. Yeas: Councilmembers Campbell, Pearson and Sackley, Mayor Pro Tem Reid and Mayor Strazdas. No: Councilmember Urban. Ordinance recorded on page 243 of City of Portage Ordinance Book No. 12. Resolution recorded on page 17 of City of Portage Resolution Book No. 45.

REPORTS FROM THE ADMINISTRATION:

* **ADOPTION OF BOND REFUNDING RESOLUTION:** Motion by Urban, seconded by Reid, to adopt the Resolution Authorizing Refunding of the City of Portage Capital Improvement Bonds, Series 2005A, as well as the Resolution Approving of the Undertaking to Provide Continuing Disclosure. Upon a roll call vote, motion carried 6 to 0. Resolutions recorded on pages 19 and 29 of City of Portage Resolution Book No. 45.

* **ADOPTION OF BOND REFUNDING RESOLUTION:** Motion by Urban, seconded by Reid, to adopt the Resolution Authorizing Refunding of the City of Portage Special Assessment Bonds, Series 2001, 2002, 2004, 2005 and 2005A, as well as the Resolution Approving of the Undertaking to Provide Continuing Disclosure. Upon a roll call vote, motion carried 6 to 0. Resolutions recorded on pages 31 and 41 of City of Portage Resolution Book No. 45.

* **EASEMENT RELINQUISHMENT REQUEST:** Motion by Urban, seconded by Reid, to adopt a resolution to relinquish the northerly and southerly 12 feet of an existing easement for drainage, sewage and other public purposes over a previously vacated section of Burt Drive, place the resolution on file with the City Clerk for 28 days, and take final action on April 9, 2013; and authorize the City Manager to sign the License Agreement to locate an Accessory Structure in the easement area. Upon a roll call vote, motion carried 6 to 0. Resolution recorded on page 43 of City of Portage Resolution Book No. 45.

* **SCHOOL ELECTION CONSOLIDATION AGREEMENTS:** Motion by Urban, seconded by Reid, to authorize the City Clerk to sign the School Election Consolidation Agreements. Upon a roll call vote, motion carried 6 to 0.

* **ELECTION POLLING PLACES AND RATE OF COMPENSATION RESOLUTION:** Motion by Urban, seconded by Reid, to adopt the Resolution Designating Polling Places and Rate of Compensation for the May 7, 2013 Special Election. Upon a roll call vote, motion carried 6 to 0. Resolution recorded on page 47 of City of Portage Resolution Book No. 45.

* **1614 WEST OSTERHOUT:** Motion by Urban, seconded by Reid, to refer the request of Bill Patterson regarding 1614 West Osterhout to the Ad Hoc Property Committee for review and recommendation. Upon a roll call vote, motion carried 6 to 0.

UNFINISHED BUSINESS:

* **FISCAL YEAR 2013-2014 PROPOSED BUDGET REVIEW SCHEDULE:** Motion by Urban, seconded by Reid, to establish April 11 and April 30, 2013, from 4:30 to 8:30 p.m. as the dates for review of the proposed Fiscal Year 2013-2014 Budget. Upon a roll call vote, motion carried 6 to 0.

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

Portage Public Schools Board of Education Special and Regular of January 21, Policy Governance Session of January 22, Special and Committee of the Whole Work Session of February 11, 2013.

Portage Senior Citizen Advisory Board of January 16, 2013.

Portage Park Board of February 6, 2013.

Portage Human Services Board of February 7, 2013.

Portage Planning Commission of February 21, 2013.

AD HOC COMMITTEE REPORTS:

COMMUNICATION FROM COUNCILMEMBER SACKLEY REGARDING UTILITY RATE COMMITTEE: Councilmember Sackley welcomed former Portage City Councilmember and former Kalamazoo County Commissioner Nasim Ansari, who filled the vacancy on the Utility Rate Committee. He noted that Utilities Engineer Kendra Gwin provided an excellent presentation and expressed appreciation for the fine work done by Finance Director Dan Foecking, Deputy City Manager Brian Bowling and City Manager Maurice Evans on the matter. He indicated that the first portion of a recommended Rate Study will come before City Council at the next meeting at a public hearing. Discussion followed. Councilmember Sackley also thanked former Mayor Pro Tem and former Kalamazoo County Commissioner Ted W. Vliek for his fine service on the Committee. Discussion

followed. Motion by Reid, seconded by Campbell, to receive the Utility Rate Committee Update from Councilmember Sackley. Discussion followed. Upon a voice vote, motion carried 6 to 0.

COMMUNICATION FROM MAYOR STRAZDAS REGARDING THE INVESTMENT COMMITTEE: Mayor Strazdas explained the work of the Investment Committee and mentioned the conservative policy that is used to guide the decisions of the Committee. He reviewed each of the three major points that were discussed at the meeting and contained his report to City Council, including shortening our maturity date, having the Administration provide reports to the Investment Committee monthly and providing more clarity as to which Financial Services Companies the City is currently using and which banks are being considered for use of services for short term cash investments. Motion by Sackley, seconded by Reid, to receive the Investment Committee Update from Mayor Strazdas. Upon a voice vote, motion carried 6 to 0.

OTHER CITY MATTERS:

STATEMENTS OF CITY COUNCIL AND CITY MANAGER: Councilmember Urban restated his opposition to Collection Boxes in the City of Portage.

Mayor Strazdas shared that it was an incredible sight when the 507th Engineering Battalion returned from Afghanistan hosted by Portage Central High School. He said he is working with the Battalion Commander and the Captain for our region to bring those individuals who are citizens of Portage, and even a couple of Portage Northern High School graduates who are a part of the 507th Engineering Battalion, to be recognized at the next Portage City Council Meeting for their service to our country as local citizens or local graduates of Portage Northern High School. Councilmember Sackley asked whether City Council might also extend an invitation to this unit, and another unit that is coming back in two and one half weeks, to join in the Memorial Day Parade and the celebration afterwards. Discussion followed.

ADJOURNMENT: Mayor Strazdas adjourned the meeting at 9:30 p.m.

James R. Hudson, City Clerk

*Indicates items included on the Consent Agenda.