

CITY OF FENTON COUNCIL PROCEEDINGS
Monday, October 12, 2015
City Hall Council Chambers
301 South LeRoy Street

Mayor Pro Tem Lockwood called the meeting to order at 7:30 PM.

The invocation for the evening was the Lord's Prayer and was followed by the Pledge of Allegiance.

Present: Bland, Grossmeyer, King, Lockwood, McDermott, Osborn (via telephone).
Absent: Jacob (excused).
Others Present: Lynn Markland, City Manager; Dan Czarnecki, Director of Public Works; Mike Burns, Assistant City Manager; Steve Guy, Water Plant Supervisor; Tonya Lall, Assessor; Cindy Shane, Treasurer; Jill Beckley, Deputy Treasurer and Stephen Schultz, Legal Counsel.

Attorney Schultz commented under the Open Meetings Act, a member of the Council can participate by telephone so long as they can hear the audience and the audience can hear them. Under the current state of the law, they are also allowed to vote.

MAYOR'S COMMENTS – Osborn thanked Lockwood for chairing the last few Council meetings. She commended the City Manager for his leadership efforts in presenting at the Michigan Association of Planning conference held last week in Detroit.

CITY MANAGER'S REPORT

Markland commented on the following:

- The City will be working to make arrangements for the Fenton Film Series to continue at the Community Center. He thanked Councilwoman King for her donation and stated if any funds are leftover, they will be used for next year's film series.
- He, along with the Assistant City Manager and City Planner presented at the Michigan Association of Planning conference and conducted a session on collaboration and the projects taking place downtown. He stated there were 150-200 people at the session and it was well received.
- Thanked the Chief of Police for his help with the auction this past weekend.
- Gave an update on the Streetscape project.
- He is getting ready to conduct interviews for the Office Clerk position and the DPW Director is working on advertising and filling the Deputy DPW Director position.
- There are samples of the bollard covers and planter pots that will be placed downtown for Council to look at after tonight's meeting.

COUNCIL MEMBER COMMENTS

Grossmeyer commented he attended the Fire Department Open House last weekend and commended all those that worked on the event.

King commented she will continue serving on the Loose Senior Center Board through December and gave an update on activities at the Center. She was surprised to hear the films shown at the Community Center were moving to the Loose Center and commented she will utilize money from her son's fund through the Community Foundation to keep the Fenton Film Series at the Community Center as she feels this is a City event and encouraged anyone wanting to donate to contact the City. She thanked Councilwoman Lockwood for contacting the Community Center regarding the lights and is glad to see they are working. She stated Council recently passed a P.I.L.O.T. for Dauner Haus and there hasn't been much improvement made and she would like the City to keep an eye on the property. Markland responded he doesn't believe the owners received the funding necessary to complete the improvements.

Bland commented regarding the recent 'Meet the Candidates' night stating there were a lot of good questions but he was disappointed the attendance was low.

Lockwood commented regarding the holiday light sponsor signs for the North Leroy Business District and stated there is a meeting set up this week with the Building and Zoning Administrator to make sure the signs meet the ordinance standards. She thanked the Beautification Commission for their work on the fall decorations. She commented Jinglefest is the first Saturday in December and the parade will be at 6 PM. She thanked Councilwoman King for her work in helping to keep movie night in Fenton.

LEGAL COUNSEL REPORT – Schultz commented there are many items on tonight's agenda his office has worked on and he will discuss them as they come up on the agenda.

CITIZEN COMMENTS – None.

CPT PRESENTATION TO DEPUTY TREASURER JILL BECKLEY – Mayor Pro Tem Lockwood presented a plaque to Deputy Treasurer Jill Beckley in recognition of her attaining the designation of Michigan Certified Professional Treasurer through the Michigan Municipal Treasurers Association. Council congratulated Jill on her achievement.

CONSENT AGENDA

Lockwood reviewed all items that were on the Consent Agenda.

A motion was made by King and seconded by McDermott to approve the consent agenda containing the following items:

- Authorize payment of invoices in the amount of \$256,622.13.
- Approve and place on file the minutes of the August 27, 2015 Planning Commission meeting and the September 28, 2015 City Council meeting.
- Appoint Patricia Lockwood as Voting Delegate and Sue Osborn as Alternate to the National League of Cities Annual Business Meeting.

YEAS: Bland, Grossmeyer, King, Lockwood, McDermott, Osborn.

NAYS: None.

ABSENT: Jacob. Motion carried by a roll call vote.

PUBLIC HEARING

Lockwood stated Council will hold a public hearing to consider the Application for Commercial Facilities Exemption Certificate for 234 N. Leroy, LLC. for the Red Fox Outfitters

site located at 234 N. Leroy Street. After the public hearing, Council will consider action on Resolution 15-23 to approve or disapprove the application and to establish the period of time the exemption is approved for.

Burns commented Skypoint Ventures has asked the City to consider a Commercial Redevelopment Act Facility Exemption for restoration of the Fenton Bean Company as Red Fox Outfitters. This abatement is allowed under Public Act 255 of 1978 to encourage the replacement, restoration and new construction of commercial property by abating the property taxes generated from the new investment for a period of up to 12 years. Since this would be a restored facility, the additional school operating tax and state education tax would be exempt on the new investment; land and personal property cannot be abated under this Act.

Burns commented the City has never provided this type of abatement, but the project is eligible under state statute and differs from an Industrial Facility Tax Credit (IFTC) in the sense that besides a different type of business and use, the abatement is 100% on the new investment whereas an IFTC is a 50% abatement on new investment. He stated the district was formed before the applicant submitted the abatement request.

The request for City Council this evening is to approve or deny the abatement and if approved, how long the abatement is for and stated the abatement must be approved and all paperwork completed and submitted to the Michigan Department of Treasury by October 31, 2015. Burns stated a public hearing is required before approval and he has notified all the tax jurisdictions of the hearing and the abatement process.

Burns stated the City may want to consider developing a policy regarding Commercial Redevelopment Districts as the City may receive requests in the future for this type of abatement. This will restrain the potential to gain additional tax revenue from future projects for a possible twelve year period. In this instance, Skypoint Ventures is building a municipal parking lot adjacent to the site.

Lockwood opened the Public Hearing at 7:54 PM.

Lockwood closed the Public hearing at 7:55 PM due to lack of comment.

McDermott asked what the estimated annual value of the abatement. Markland responded he believes it is in the \$6,000 range.

McDermott asked how much money the City will save by the applicant constructing the parking lot. Burns responded a conservative estimate would be \$400,000.00, but thinks the actual construction was much more due in part to the environmentally friendly materials used.

Markland asked what the valuation for the project is. Lall responded she does not have a valuation complete, but an initial estimate was done. She doesn't think the amount will change much as she completed the valuation from the plans as they are currently being built.

McDermott asked if the amount of the taxes being abated is less than the cost of the parking lot. Markland responded yes. If the project construction costs are estimated at \$1,000,000 the estimated taxes would be \$12,000 per year so even an abatement for the maximum period of time would amount to less than the cost to construct the parking lot.

Lockwood stated conversations at prior meetings indicated the Council was looking at an abatement period less than twelve years and had talked about a six or seven year abatement.

King commented Council has never given a twelve year abatement. Financial planning for the City is done in five year increments and she suggested starting with a five year abatement and have the applicant come back at a later time to ask for an extension.

Grossmeyer commented five years makes sense under normal circumstances but he is leaning towards seven years due to the public investment made by developer by building the parking lot.

Bland agrees with Councilman Grossmeyer's comments and stated while he doesn't like granting abatements, a longer abatement in this case would still cost the City less than the cost of constructing the parking lot and he does not have a problem granting a seven year abatement.

Osborn asked if the abatement would be for seven years to begin with, or start at five years and then extend to seven at a later date. She stated the developer has given the City a lot by constructing the parking lot and she doesn't have a problem extending the time, but would like clarification as to what the initial length of the abatement would be.

Markland commented in the past, City Council has consistently approved five year exemptions to fall in line with the City's five year financial planning. After the five year period, the applicant would have the opportunity to come back to the City Council and ask for additional time, which is what has been done with exemptions granted in the industrial park. He would recommend the City Council consider the same policy that has been followed in the past.

RESOLUTION NO. 15-23

A motion was made by Bland and seconded by King to approve Resolution No. 15-23, a Resolution to approve the Commercial Facilities Exemption Certificate Application for 234 N. Leroy, LLC. for a period of five years.

YEAS: Grossmeyer, King, Lockwood, McDermott, Osborn, Bland.

NAYS: None.

ABSENT: Jacob. **RESOLUTION DECLARED ADOPTED.**

RESOLUTION NO. 15-24

Markland stated the Michigan State Housing Development Authority (MSHDA) currently owns the Silver Lake Arbors property and they filed petitions in the tax tribunal challenging the City's 2014 and 2015 property tax assessment. MSHDA previously paid the 2014 tax bill in the amount of \$75,641.69, including interest. The parties have agreed that MSHDA is exempt from real property taxes and the Council needs to approve a motion authorizing a refund to MSHDA in the amount of \$75,641.69, including interest, following the dismissal of the MTT filing.

Schultz commented the City will reissue the tax bill to the operator of the facility, as the City believes the operator is subject to tax, which is an issue that will be addressed down the road. There were two tax tribunal petitions pending and this resolution will resolve those and eliminate any litigation over the taxable status of MSHDA for this particular property.

Markland stated MSHDA owns the property but the majority of the units in the apartment complex are not subsidized rent and are rented at market rates, which is what led to some confusion. Normally, when a government agency owns a property and rents it at market rates, they still pay property taxes.

Schultz stated there is a specific state statute that deals with a situation where a tax exempt entity owns property that it puts out into the market and operates as a for profit business. The statute is intended to prevent someone from taking advantage of the tax exempt status of a governmental unit. It is this statute the City will be working under going forward as MSHDA has

entered into a contract to have a for profit entity operate the property in question. He stated the City is settling with MSHDA and will tax the operator of the property.

A motion was made by Grossmeyer and seconded by McDermott to approve Resolution No. 15-24, a Resolution authorizing a refund to MSHDA.

YEAS: King, Lockwood, McDermott, Osborn, Bland, Grossmeyer.

NAYS: None.

ABSENT: Jacob. **RESOLUTION DECLARED ADOPTED.**

POLICE DEPARTMENT RADIO EQUIPMENT PURCHASE

Aro stated he is requesting authorization to purchase and install a bi-directional amplifier (B.D.A) at the Police Department. The B.D.A. amplifies the radio signal used by police and fire radios. Some of the hand held radios and cell phones have very poor reception in certain areas of the police department and the B.D.A. would solve this problem. He obtained a quote from Blumerich Communications, who have installed B.D.A.s throughout the County and have significant experience working with this type of equipment. He is recommending approval of the proposal and commented monies were included in the current budget to cover this purchase.

A motion was made by Bland and seconded by McDermott to approve the quote from Blumerich Communications for the purchase and installation of a bi-directional amplifier in the amount of \$4,995.30. Motion carried by a voice vote.

ARC FLASH HAZARD ANALYSIS AND ENERGIZED TESTING

Guy stated Turner Electrical will go through each electrical panel at the water treatment plant, clean it and confirm everything is hooked up correctly. They will take the information gathered on site back to their office and perform an engineering analysis of incidental energy, which is the amount of energy that could cause a blast. He stated this was discussed in depth at the last work session and he is looking for approval of a service agreement with Turner Electrical to perform this work.

A motion was made by Bland and seconded by McDermott to approve the agreement with Turner Electrical Services to perform an arc flash hazard analysis engineering study and energized testing at the water treatment plant in the amount of \$12,232.00. Motion carried by a voice vote.

BOILER MAINTENANCE AGREEMENT

Guy commented there is money in the current budget for boiler maintenance. He stated last winter the boilers seemed to be less effective in heating the water treatment plant. Currently they are inspected once a year and since they are now eleven years old, they should be maintained on a more regular basis. He contacted the ATI Group for a proposal for regular maintenance on two boilers. He stated ATI is an energy and systems company and is the same company that changed the lights in the plant parking lot to LED lights. What is presented is a three year contract to perform semi-annual boiler inspections in the amount of \$1,500 per year and he is recommending approval of the proposal.

McDermott commented the proposal indicates a bi-annual utility rebate estimated at \$500 is to be signed over to the ATI Group.

Jim VanderLaan of the ATI Group clarified the cost of the program as presented is normally \$2,000 but was reduced to \$1,500 to offset the utility rebates.

Lockwood asked if money is budgeted for all years of the contract. Guy responded the first year is budgeted and he will include money in the next two budgets to cover the last two years of the contract.

A motion was made by Bland and seconded by Grossmeyer to approve a three year agreement with the ATI Group to perform boiler maintenance at the water treatment plant at a cost of \$1,500.00 per year. Motion carried by a voice vote.

INTER-LOCAL AGREEMENT FOR ASSESSING SERVICES

Markland commented the agreement with the City of Grand Blanc to provide assessing services has expired and they would like to renew the contract. The proposed contract is the same as the last contract with the dates being updated to cover the period of July 1, 2015 through July 1, 2017. He commented this arrangement has worked well for both Cities and the City of Fenton has kept the assessing staff at the same level and have used additional funds to contract with other personnel for field work and updates. Markland thanked the Assessor for her work the last two years in making this agreement a successful effort.

Lall commented it was looked at to restructure the Assessing Department and contracting out appraisal work for commercial and residential properties. She stated it has been challenging to get staffing at proper levels but the contract is working well and all parties are happy.

Osborn thanked the Assessor for her hard work on the agreement and also for the job she does at the Board of Review and commented the City is lucky to have her.

A motion was made by McDermott and seconded by Bland to approve the agreement between the City of Fenton and the City of Grand Blanc to provide assessing services to the City of Grand Blanc through an inter-local agreement and authorize the Mayor and City Manager to sign the agreement. Motion carried by a voice vote.

COMMERCIAL PROPERTY REVIEW PROGRAM CONTRACT

Lall commented this is the same program in place for residential properties. The work would include taking pictures and measurements as well as going inside buildings to look for accelerated depreciation or remodeling and other factors that may affect the property's value. She stated this was budgeted for last year, but the program was not implemented.

A motion was made by Bland and seconded by Grossmeyer to approve the proposal from Landmark Appraisal Company for commercial property review services in the amount of \$6,000.00.

REPLACEMENT OF CITY COUNCIL CHAMBER EXIT DOORS

Markland commented the emergency exit doors in the City Council Chambers are rusted out and in need of replacement. A quote was received from Dover Garage Doors totaling \$20,048.50. This includes the cost of the doors, arch top transom frames with panel and hardware. This was discussed at the work session and Council requested the item be added to tonight's agenda for consideration.

A motion was made by King and seconded by McDermott to approve the proposal from Dover Garage Doors to replace the Council Chamber exit doors at a cost of \$20,048.50. Motion carried by a voice vote.

SET PUBLIC HEARING DATE

A motion was made by McDermott and seconded by Grossmeyer to set a public hearing for October 26, 2015 to consider the rezoning request for the property located on the south side of Silver Lake Road, immediately east of the Silver Arbor Apartments entrance. Motion carried by a voice vote.

CALL TO THE AUDIENCE – None.

Meeting was adjourned at 8:28 PM.

Mayor Sue Osborn

City Clerk, Renee Wilson

Date approved: October 26, 2015