

A regular meeting of the City Commission was held in the Commission Room of the City-County building, 325 Court Street, Sault Ste. Marie, Michigan on Monday, March 16, 2009 at 7:00 p.m.

The meeting was called to order by Mayor Bosbous

Present: Mayor Bosbous, Commissioner Bauer, Burton, Gerrie (arrived at 7:14 p.m.), Lynn, Munsell and Stefanski

Absent: None

Also Present: City Manager Nebel, City Attorney Cannello, City Clerk Robin R. Troyer, and various department heads

Mayor Bosbous presented a Proclamation for National Cover the Uninsured Week; March 22-28, 2009.

Mayor Bosbous commented on the Outhouse Races, Tired Iron Snowmobile Race, Rotary Auction, and Mike Rowe from Dirty Jobs visiting Sault Ste. Marie this past week.

CONSENT AGENDA:

Moved by Commissioner Stefanski, supported by Commissioner Lynn

That the following consent agenda items be approved:

Minute Approval:

That the minutes of the regular City Commission meeting held on Monday, March 2, 2009 be approved as written and circulated and the minutes of the following boards and commissions received and placed on file:

- a. Community Services Board – February 24, 2009
- b. Bayliss Public Library – February 26, 2009
- c. Tax Assessment Board of Review – March 3, 2009
- d. Tax Assessment Board of Review – March 9, 2009
- e. Historic Development Commission – March 3, 2009
- f. Police & Fire Pension Board – February 25, 2009

Appointments and Resignations:

That the City Commission appoint Sonja Norris and Dewey Baldwin to the Downtown Development Authority with terms that will expire April 1, 2013.

That the City Clerk announce the vacancy on the DDA Board and encourage interested business owners and residents to make application in the City Clerk's Office.

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Communications:

That the City Commission deny the proposed rezoning of part of Lot 1, and Lots 7, 8, and 9, Block 6, R.N. Adams Addition No. 3 from B-3, General Business, to R-2, Two-Family Residential as recommended by the Planning and Development Commission.

City Manager's Report:

That the City Commission authorize the City Manager to request 2,000 tons of salt for delivery through MiDEAL for the 2009-2010 season.

Carried: Yeas: Mayor Bosbous, Commissioner Bauer, Burton, Lynn,
 Munsell and Stefanski
 Nays: None

SPECIAL ORDERS OF BUSINESS:

LOCAL DEVELOPMENT FINANCE AUTHORITY TAX INCREMENT FINANCE & DEVELOPMENT PLAN:

- 1. Public Hearing on the proposed Local Development Finance Authority Tax Increment Financing and Development Plan:**

- 2. Approval of the Local Development Finance Authority Tax Increment Financing and Development Plan:**

At the February 16th City Commission meeting, the Commission scheduled a public hearing for Monday, March 16, 2009 at 7:00 p.m. on the proposed LDFA Tax Increment Finance and Development Plan.

In December of 2008, the City Commission established its Local Development Finance Authority (LDFA), which is a prerequisite for developing the Sault Ste. Marie SmartZone. The proposed LDFA Plan assumes final designation of the LDFA as a "Certified Technology Park". The Development Plan encompasses the same geographic area of the LDFA District, which is the entire corporate boundaries of the City of Sault Ste. Marie.

The Plan will result in the development of captured assessed value utilizing the base year of December 31, 2007 with 50% of the amounts levied by the State, pursuant to the State Education Tax Act, and local and intermediate school districts for a period not to exceed 15 years on both eligible real and personal property within the District. These funds will be used for two primary purposes. The first would be the construction of the "technology breeder" facility at an estimated cost of \$1.2 million. The other

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planned use of the funds is to cover staffing and administrative services for the SmartZone, which would include marketing, recruitment, technology transfer, business planning assistance, and related operational expenses. The Plan also allows for the modernization of the Sault Industrial Incubator as part of this proposed Plan.

The process for approving the Development Plan and Tax Increment Plan requires that the City Commission set a public hearing, notify all other taxing jurisdictions, and place two public notices in the local newspaper. These notifications have been properly made. Following the public hearing, the City Commission can approve the Plan as recommended by the LDFA.

The Mayor opened the public hearing. There were no comments from the public therefore the following action was taken.

Moved by Commissioner Bauer, supported by Commissioner Lynn

RESOLUTION APPROVING
TAX INCREMENT FINANCING AND DEVELOPMENT PLAN OF THE
LOCAL DEVELOPMENT FINANCE AUTHORITY

WHEREAS, the City Commission of the City of Sault Ste. Marie has created the Sault Ste. Marie Local Development Finance Authority under the provisions of PA 281 of 1986, as amended (MCL 125.2151 et seq) (the Local Development Financing Act) and;

WHEREAS, the City of Sault Ste. Marie has designated the corporate boundaries of the City of Sault Ste. Marie as the LDFA District; and

WHEREAS, the State of Michigan, under the provisions of PA 281 of 1986, as amended (MCL 125.2151 et seq), has established the SmartZone Program designed to foster the development of high technology enterprises through the commercialization of research products being developed at Michigan institutions of higher education; and

WHEREAS, the City of Sault Ste. Marie and Lake Superior State University submitted an application to the Michigan Economic Development Corporation ("MEDC") to establish a "certified technology park" (commonly known as a "SmartZone"), and the MEDC has approved such proposal and entered into a SmartZone Agreement dated December 16, 2008 with the City of Sault Ste. Marie and the LDFA; and

WHEREAS, the LDFA has prepared a Tax Increment Financing and Development Plan for the Sault Ste. Marie SmartZone in order to achieve the purpose of PA 281 of 1986, as amended (MCL 125.2151 et seq), and to utilize tax increment financing to develop certain eligible projects within the SmartZone, and has forwarded the Plan to the City Commission for approval; and

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WHEREAS on March 16, 2009, the City Commission held a public hearing on the Plan pursuant to the act, and the City Commission has given the taxing jurisdictions levying taxes subject to capture an opportunity to meet with the City Commission and to express their views and recommendations regarding the Plan, as required by PA 281 of 1986, as amended (MCL 125.2151 et seq);

NOW, THEREFORE, BE IT RESOLVED, that the City Commission of the City of Sault Ste. Marie hereby determines that the Development Plan and the Tax Increment Financing Plan proposed by the Sault Ste. Marie Local Development Finance Authority constitutes a public purpose, and hereby approves the plans based on the facts that:

1. The Development Plan meets the requirements set forth in section 15(2) and the Tax Increment Financing Plan meets the requirements set forth in section 12(1), (2), and (3) of MCL 125.2151 et seq;

2. The proposed method of financing is feasible and the authority has the ability to arrange the financing;

3. The development is reasonable and necessary to carry out the purposes of the act;

4. The amount of captured assessed value estimated to result from adoption of the plan is reasonable;

5. The Development Plan is in accord with the approved Master plan of the municipality;

6. Public services, such as fire and police protection and utilities, are or will be adequate to serve the facilities proposed in the plan.

Carried: Yeas: Commissioner Bauer, Burton, Gerrie, Lynn, Munsell,
Stefanski, and Mayor Bosbous
Nays: None

MICHIGAN NATURAL RESOURCES TRUST FUND (MNRTF) APPLICATION
FOR SHERMAN PARK PHASE II:

1. Public Hearing on an application to MNRTF for proceeding with Phase II improvements.

2. Approval of Resolution authorizing a grant application:

As was discussed at the last City Commission meeting, the Michigan Natural Resources Trust Fund (MNRTF) program has announced the next round of

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applications, which are due on April 1st. At the last meeting, the City Commission authorized the submission of the Sherman Park Phase II Campground Improvements. There were several concerns regarding a couple of elements that were included in the Phase II plan; specifically, the construction of basketball and volleyball courts near the primitive campsites. The Community Services Board is recommending that Phase II of the Sherman Park Master Plan move forward with the elimination of construction of both courts as laid out in the design plan. The total estimated cost for the project would be \$562,200 with the Michigan Natural Resources Trust Fund Grant request of \$421,600.

An alternative to the full grant would be submission of a small development grant application project for the picnic shelter only. The picnic shelter was an item that was pulled from Phase I due to cost. The estimated cost for this would be \$56,300. This would consist of a grant request of \$42,200 with the local City cash match of \$14,100. If the Commission wanted to submit a smaller project for this go around, this might fill that bill.

The Mayor opened the public hearing on the proposed Sherman Park Phase II Campground Improvements, which will include the construction of 24 rustic campsites, gravel roadways in the parking area within the campground, development of a paved separate entrance drive for the campground off 24th Street south of the main park entrance along with a connecting roadway with gates to the existing main park entry area, and construction of a picnic shelter near the east end of the beach. There were no comments from the public therefore the following action was taken:

Moved by Commissioner Stefanski, supported by Commissioner Burton

**RESOLUTION AUTHORIZING SUBMISSION OF AN APPLICATION TO
THE MICHIGAN DEPARTMENT OF NATURAL RESOURCES
FOR \$42,200
FROM THE MICHIGAN NATURAL RESOURCES TRUST FUND
FOR SHERMAN PARK PICNIC SHELTER PROJECT**

WHEREAS, the Michigan Natural Resources Trust Fund (MNRTF) was established under the Michigan Natural Resources Trust Fund Act of 1985 (PA 101) with proceeds to be used to acquire land for recreation uses, for protection of the land because of its environmental importance or scenic beauty, and to develop public recreation facilities; and

WHEREAS, local units of government, including cities, are eligible applicants for the MNRTF; and

WHEREAS, the City's Master Recreation Plan includes improvements and further development of the City's Sherman Park based on the *Sherman Park Master Plan* (Capital Consultants 2003); and

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WHEREAS, the now completed Sherman Park Phase I project originally included a picnic shelter that was deleted due to budget constraints; and

WHEREAS, the City proposes to undertake the Sherman Park Picnic Shelter Project to provide and install the picnic shelter deleted from Phase I;

THEREFORE BE IT RESOLVED, that the City Manager of the City of Sault Ste. Marie is authorized to cause an application to be submitted to the Department of Natural Resources for a Michigan Natural Resources Trust Fund grant in the amount of \$42,200 for 75% of the estimated Sherman Park Picnic Shelter Project cost of \$56,300; and

BE IT FURTHER RESOLVED, that if the grant is awarded, the City will undertake the Sherman Park Picnic Shelter Project and will provide a 25% local match of the total grant eligible project cost in the form of a cash match in the amount of \$14,100.

Carried: Yeas: Commissioner Burton, Gerrie, Lynn, Munsell, Stefanski,
Mayor Bosbous, and Commissioner Bauer
Nays: None

Moved by Commissioner Burton, supported by Commissioner Stefanski

That the City Commission refer the Sherman Park Master Plan back to the Community Services Board for further review regarding the proposed layout, size of the rustic campsites, and possible fencing options between the campground and the Lakeshore subdivision.

Motion carried unanimously.

COMMUNICATIONS:

**FROM THE BROWNFIELD REDEVELOPMENT AUTHORITY: SCHEDULE A
PUBLIC HEARING ON THE BROWNFIELD REDEVELOPMENT PLAN FOR THE
MEDICAL OFFICE BUILDING PROJECT:**

The City of Sault Ste. Marie has been working with Moyle Development and War Memorial Hospital regarding the development of a 40,000 square foot medical office building that would be located adjacent to the parking deck. The proposed project is the construction of a four-story medical office building that would be physically connected by an overhead walkway to the parking deck. The proposed Brownfield Redevelopment Plan will address building demolition and significant site work, including pilings that will be necessary to construct the first building.

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The proposed Brownfield Plan also anticipates the capture of school taxes in addition to the city and county taxes. Due to this requirement, the Michigan Economic Development Corporation will also need to approve the project.

Under the Plan, the project developer will undertake and finance all costs of the project and then will be repaid for the eligible expenses for building demolition and significant site work, including pilings that were necessary to undertake this project. The developer will recoup the eligible expenses from tax increment revenues that are generated from the project. With this assistance to prepare the site for redevelopment, the developer has indicated that his project is feasible.

The Brownfield Redevelopment Authority is recommending that the City Commission proceed with the approval of the attached Brownfield Redevelopment Plan.

Moved by Commissioner Gerrie, supported by Commissioner Burton

That the City Commission introduce the Medical Office Building Brownfield Redevelopment Plan and schedule a public hearing for the April 20, 2009 City Commission meeting at 7:00 p.m. in the City Commission chambers.

Carried: Yeas: Commissioner Gerrie, Lynn, Munsell, Stefanski, Mayor Bosbous, Commissioner Bauer, and Burton
Nays: None

FROM THE HISTORICAL DEVELOPMENT COMMISSION: APPROPRIATE FUNDING FOR HISTORIC ARCHITECTURE WORK FOR THE BARAGA HOUSE:

At the March 3rd meeting of the Historical Development Commission, the Commission recommended that the City Commission authorize an expenditure not to exceed \$6,500 less any National Trust Preservation Grant money that might be obtained to proceed with historic architectural work for the restoration of the Baraga House as provided by Mr. Ken Czapski of U.P. Engineers and Architects. With the return of funding from the Bayliss Public Library in the amount of \$2,175 for the Little Neebish Island Archival Project, which has been able to be completed without this funding, there is sufficient funding in the current fiscal year to accommodate the Baraga House Project.

Moved by Commissioner Stefanski, supported by Commissioner Burton

That the City Commission appropriate \$6,500 from the Osborn Trust Fund for historic architecture services for the Baraga House restoration with the appropriation including the re-appropriation of \$2,175 that was initially authorized for the Little Neebish Island Archival Project.

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Carried: Yeas: Commissioner Lynn, Munsell, Stefanski, Mayor Bosbous,
Commissioner Bauer, Burton, and Gerrie
Nays: None

FROM THE PLANNING AND DEVELOPMENT COMMISSION: REGULATION
OF WINDMILLS AND WIND TURBINES IN THE CITY OF SAULT STE MARIE:

At the regular meeting of the Planning and Development Commission held on February 26th, the Planning and Development Commission reviewed various issues related to the regulation of windmills and wind turbines within the City of Sault Ste. Marie. The City's current zoning ordinance is silent regarding windmills. These could include both commercial windmills as well as private, single windmills. With windmills there are safety issues relating to large moving parts that could be hazardous should they collapse or lose blades, noise issues, and impact on the landscape. Placement of windmills likely needs to have a relationship to property area, which may be more easily suited in large area parcels rather than small lots in the more densely areas of the City.

The Planning and Development Commission is recommending that the City Commission consider a moratorium on the placement and installation of windmills within the City until a determination is made as to how or whether the City chooses to regulate windmills and refer the matter back to the Planning and Development Commission for development of proposed zoning ordinances that would properly regulate windmill use within the City of Sault Ste. Marie

Moved by Commissioner Bauer, supported by Commissioner Burton

That the City Commission hold a first reading on an ordinance that would place a moratorium on the development of windmills within the City of Sault Ste. Marie until September 1, 2009.

Carried: Yeas: Commissioner Munsell, Stefanski, Mayor Bosbous,
Commissioner Bauer, Burton, Gerrie, and Lynn
Nays: None

Moved by Commissioner Bauer, supported by Commission Burton

That the City Commission refer this matter back to the Planning and Development Commission to develop regulations for the proper use and installation of windmills within the City of Sault Ste. Marie.

Carried: Yeas: Commissioner Stefanski, Mayor Bosbous, Commissioner
Bauer, Burton, Gerrie, Lynn, and Munsell
Nays: None

FROM THE AIRPORT TAX INCREMENT FINANCING AUTHORITY:

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1. Proposed Budget Amendment for FY 2008-2009:

As provided in the SmartZone Plan, the Airport Tax Increment Financing Authority is proposing to provide \$20,000 to the SmartZone in the fiscal year that will end June 30, 2009. This would provide for some minimum start-up operations for the zone, which could include an agreement with the LSSU Prototype Center for the administrative support and start-up of the City's SmartZone. The City Commission must concur with the appropriation of TIFA funds for this purpose.

Moved by Commissioner Bauer, supported by Commissioner Stefanski

That the City Commission authorize the Airport Tax Increment Financing Authority to appropriate \$20,000 in TIFA funds for start-up funding for the Sault Ste. Marie SmartZone.

Carried: Yeas: Mayor Bosbous, Commissioner Bauer, Burton, Gerrie, Lynn, Munsell, and Stefanski
Nays: None

2. Amendment to the Airport Tax Increment Financing Plan:

The Airport TIFA Board has approved the attached amendment to the Airport Tax Increment Financing and Development Plan that will accomplish several items. The amended Plan makes the provision for financial support of the new SmartZone for the first six years of the Zone (as is provided in the SmartZone Plan). Furthermore, the Plan would provide for the participation in the cost of a new public safety building located within the TIFA District. In order to provide sufficient funding for these projects, it is also recommended that the Airport TIFA be extended for 10 years so that sufficient funding will be generated for these projects.

Prior to amending the Plan, the City Commission must schedule a public hearing with notice being provided to other taxing jurisdictions and in the local newspaper. Following the public hearing, the Commission is free to approve the proposed amendment to the Airport Tax Increment Financing and Development Plan.

Moved by Commissioner Lynn, supported by Commissioner Gerrie

That the City Commission schedule a public hearing for Monday, April 20, 2009 at 7:00 p.m. in the City Commission chambers on the proposed amendment to the Airport Tax Increment Financing and Development Plan that will provide financial support for the City's new SmartZone, provide tax increment participation in the cost of a new public safety building within the TIFA District, and also extend for 10 years the life of the TIFA District.

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Carried: Yeas: Commissioner Bauer, Burton, Gerrie, Lynn, Munsell,
Stefanski, and Mayor Bosbous
Nays: None

CITY MANAGER'S REPORT:

MDOT CONTRACT FOR FY 2009 SECTION 5311 OPERATING ASSISTANCE FUNDS FOR DIAL-A-RIDE:

The City Commission has previously authorized an application for funding the City's Dial-a-Ride System. The attached agreement No. 2007-0287 authorizes the expenditure of \$38,204 of federal funds for the 2009 fiscal year.

Moved by Commission Stefanski, supported by Commissioner Burton

That the City Commission authorize the Fiscal Year 2009 Section 5311 operating funds for the Dial-a-Ride System as outlined in Agreement No. 2007-0287 with the Michigan Department.

Carried: Yeas: Commissioner Burton, Gerrie, Lynn, Munsell, Stefanski,
Mayor Bosbous, and Commissioner Bauer
Nays: None

SCHEDULING A PUBLIC HEARING FOR DRAFT AMENDMENT #3 TO THE 1994 SRF AND 1997 DWRF PROJECT PLANS FOR CSO CONTROL PROGRAM – PHASE C:

The City has been involved in a comprehensive 25 year phased CSO Control Program since 1993, which is included in the City's NPDES Wastewater Discharge Permit requirements. Over the past two years, the City has utilized the Michigan State Revolving Fund (SRF) for sewers and the Drinking Water Revolving Fund (DWRF) for water mains to aid in the financing of construction of CSO Phases "A", "B", "D", and "E". The primary phase remaining for reconstruction is Phase "C", which includes the downtown and island areas of the City. Construction costs for the four completed phases have included \$27 million.

In order to qualify for the SRF and DWRF financing programs, the City must amend its previously approved project plans to outline the methods for completing this remaining work by December 31, 2018. Wilcox Professional Services, LLC has developed a draft copy of the Project Plan Amendment #3, which is available for review in the office of the City Clerk, the Bayliss Public Library, and on the City's web site.

The Commission must hold a public hearing prior to adopting Project Plan Amendment #3.

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The City was originally scheduled for funding during the fourth quarter of 2010. Under the federal stimulus package, there is a possibility that if this work could be completed by the first quarter of the 2010 fiscal year, the City might be able to take advantage of federal stimulus funds for this project.

Moved by Commissioner Munsell, supported by Commissioner Burton

That the City Commission authorize the City Manager to expedite plan as submitted.

Motion carried unanimously.

Moved by Commissioner Munsell, supported by Commissioner Burton

That the City Commission schedule a public hearing on the CSO Control Program Phase "C" Amendment #3 to the project plans to be held at 7:00 p.m. on Monday, April 20, 2009 in the City Commission chambers.

Carried: Yeas: Commissioner Gerrie, Lynn, Munsell, Stefanski, Mayor Bosbous, Commissioner Bauer, and Burton
Nays: None

APPOINTMENT OF A TASK FORCE RELATED TO THE IMPLEMENTATION OF TREE CITY USA:

At the March 2nd City Commission meeting, the Commission approved the establishment of an ad hoc committee to implement Tree City USA status for the City of Sault Ste. Marie. At a staff level, there have been discussions on revamping the Beautification Committee. Since a number of issues may overlap between the Beautification Committee and the required Tree Committee, it seems appropriate to have this group also consider this restructuring. In order to proceed with this, City Manager Nebel recommended that the City Commission appoint a task force.

Moved by Commissioner Stefanski, supported by Commissioner Bauer

That the City Commission appoint an ad hoc committee consisting of Commissioner Jeff Stefanski, Becky Bottrell, Steve Gregory, Jim Lucas, Spencer Nebel, and Dave Strickland to proceed with the development of a plan to implement Tree City USA status for the City of Sault Ste. Marie in conjunction with reviewing the structure and the role of the City Beautification Committee.

Motion carried unanimously.

AUTHORIZATION OF A KRESGE FOUNDATION GRANT FOR LEED CERTIFICATION FOR THE FEDERAL BUILDING:

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The City Commission has authorized the Federal Building Project to pursue LEED Certification (Leadership in Energy and Environmental Design) with the renovation of the Federal Building. The Green Building Initiative is designed to support green planning grants as well as develop green building awareness. The Foundation awards planning grants which range from \$50,000 to \$100,000 to support green renovation planning costs associated with the integrated design process, undertaking energy modeling, and registering the building under the U.S. Green Building Council's LEED Certification rating system.

Moved by Commissioner Gerrie, supported by Commissioner Burton

That the City Commission authorize the submission of a grant to the Kresge Foundation in the amount of \$81,982 through the Green Building Initiative program to support the Federal Building's green renovation, planning costs associated with the integrated design process, the energy modeling, and the LEED Certification rating system.

Carried: Yeas: Commissioner Lynn, Munsell, Stefanski, Mayor Bosbous, Commissioner Bauer, Burton, and Gerrie
Nays: None

CLOSED SESSION TO DISCUSS STRATEGIES RELATIVE TO THE SETTLEMENT OF COLLECTIVE BARGAINING AGREEMENTS:

The City Attorney, Human Resources Director, and City Manager Nebel have met with the bargaining units and would like to discuss with the Commission the possible settlement of these contracts in a closed session immediately following the adjournment of the regular meeting.

Moved by Commissioner Lynn, supported by Commissioner Munsell

That the City Commission schedule a closed session for the purpose of discussing strategies relative to the settlement of collective bargaining agreements immediately following the adjournment of the regular City Commission meeting.

Carried: Yeas: Commissioner Munsell, Stefanski, Mayor Bosbous, Commissioner Bauer, Burton, Gerrie, and Lynn
Nays: None

Status Reports:

City Manager Nebel provided a brief status report to the Commission regarding the use of City streets by snowmobiles during the 2008-2009 season.

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City Manager Nebel informed the Commission and the citizens of the Community Garden Meeting scheduled for Wednesday, March 18th at 5:15 p.m.

City Manager Nebel informed the Commission and the residents of Sault Ste. Marie that Fire Chief Ken Eagle has submitted his resignation. The Mayor and Commission thanked Ken for his years of service. Ken thanked the Mayor and Commission for their support.

MATTERS PRESENTED BY THE PUBLIC:

None

MATTERS PRESENTED BY THE CITY COMMISSION:

Commissioner Burton received a call from a resident regarding the condition of Superior Street. The citizen thanked DPW workers Gary Brown, Randy Stoling, and Sunny Gordon for their efforts. Commissioner Burton also informed City Manager Nebel about the flooding on the ground floor of the parking structure.

Commissioner Stefanski requested a status update on the chain link ordinance for the downtown area and the historic home project.

Moved by Commissioner Lynn, supported by Commissioner Stefanski

That the meeting adjourn at 8:31 p.m.

Motion carried unanimously.

ANTHONY G. BOSBOUS, MAYOR ROBIN R. TROYER, CITY CLERK

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