

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, January 17, 2011 at 7:00 p.m.

The meeting was called to order by Mayor Bosbous

Present: Mayor Bosbous, Commissioner Bauer, Burton, Gerrie, Lynn, Munsell and Stefanski

Absent:

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

Terry Joss, Chairman of the I-500 Committee made a brief presentation and presented the City Commission with I-500 buttons.

Michelle Conway from Sault Tribe Strategic Alliance for Health presented the Commission with a \$500 check for the Downtown Lunch Loop.

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, January 3, 2011 be approved as written and circulated and the minutes of the following boards and commissions received and placed on file:

- a. Bayliss Public Library – December 16, 2010
- b. Osborn Trustees Meeting – December 17, 2010
- c. Seal Estate Trustees Meeting – December 17, 2010
- d. Tree Commission – December 8, 2010

Communications:

That the City Commission authorize the placement of white ribbons on Portage Avenue and Ashmun Street from February 11th to the 23rd for the second annual “White Ribbon Campaign” for the end of violence against women.

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

January 17, 2011

COMMUNICATIONS:

FROM THE EDC – PROPOSED POLICY ON USE OF PUBLIC ACT 328 PERSONAL PROPERTY EXEMPTIONS:

At the January 10th meeting of the EDC, the Board unanimously approved a recommendation to the City Commission on the adoption of a policy regarding the use of P.A. 328 Personal Property Exemptions. The EDC believes that the policy adopted years ago by the City Commission on the use of Industrial Tax Abatements has been a successful model for guiding industrial development within the City of Sault Ste. Marie. This allows the EDC Director to speak with some certainty with perspective industrial clients, since the Commission has adopted a policy as to how tax abatements are going to be administered by the City for what types of projects.

Public Act 328 allows distressed communities, county seats, and certain border communities to abate personal property taxes on new investments by eligible businesses.

The EDC is proposing that the policy include the criteria in Public Act 198 that requires a significant investment in new equipment as sufficient to constitute a new manufacturing operation for a business. This avoids a stream of applications every time a relatively minor acquisition is made by an eligible business. The policy focuses on primary industries and those non-industrial uses that generate new jobs within the community such as a call center.

The policy requires that the applicant be current with all real and personal property taxes, including P.A. 198 tax abatements. The personal property tax exemption would be provided both to new firms coming to the area and to existing manufacturers who are expanding their manufacturing operations.

The policy would provide an up front six year exemption from personal property on eligible activities from eligible types of businesses.

City Manager Nebel believes that the policy that the EDC and City have utilized for tax abatements has been a successful model that creates a clear understanding in advance of what types of incentives the City can place on the table when discussing new industries or expanded industries for the City of Sault Ste. Marie. This also gives clear guidance not only to staff but to the EDC Board and City Commission when these applications are filed. The City is required to hold a public hearing for each request. This includes a notification to other taxing entities impacted by the exemption of personal property taxes on certain equipment for the types of businesses that would be eligible for exemption on personal property taxes. As with the property tax abatement, the State of Michigan has final approval over whether the exemption is granted in these cases.

January 17, 2011

As with tax abatement, there is no loss of income to the taxing entities. The taxing entities, however, do not see an increase in personal property taxes for those eligible acquisitions where a P.A. 328 Personal Property Tax Exemption is granted.

Jim Hendricks, EDC Director answered questions from the Commission regarding P.A. 328 Personal Property Tax Exemption.

Moved by Commissioner Lynn, supported by Commissioner Gerrie

That the City Commission adopt the policy on the use of Personal Property Exemption (P.A. 328) for the City of Sault Ste. Marie.

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

FROM THE DEPARTMENT OF NATURAL RESOURCES & ENVIRONMENT –
SANITARY SURVEY OF THE CITY'S COMMUNITY WATER SUPPLY SYSTEM:

Attached is a letter to the Mayor and Commission from the Department of Natural Resources and Environment regarding the sanitary survey conducted by the Department of the City's municipal water supply. This survey is a requirement of the Michigan Safe Drinking Water Act. The Department has rated the water system as satisfactory. It is noted that the City has made significant improvements to the community's water supply over the past 20 years, and that the City should be applauded for these efforts. Over 40 miles of water main have been replaced or extended since 1990, and a direct filtration plant, which was constructed in the 1990's continues to produce water, which meets or exceeds all water quality standards.

The specific area that the Department cited that needs to be addressed is implementation of the City's Cross Connection Control Program. There are 1,400 commercial, industrial, and institutional water customers within the City that need to be inspected and reinspected on a minimum 5 year basis. This includes requiring that a licensed plumber inspects and tests backflow prevention devices that are installed in the City. This will require the Department to schedule inspections of these 1,400 systems on a recurring basis.

Water Superintendent Jim Moreau is developing a plan to go forward with the private water customers to assure that there are no cross connections which, with the loss of water pressure, could contaminate the public water system. With the Water Department having completed the residential meter change-out, there will be additional staff time available to proceed with this substantial effort.

District Engineer James Rice did indicate that the City's water operations under the direction of Jim Moreau are one of the best in his district.

January 17, 2011

CITY MANAGER'S REPORT:

APPROVAL OF ARCHITECTURAL/ENGINEERING AGREEMENTS FOR THE BREEDER BUILDING AND INDUSTRIAL INCUBATOR BUILDING:

Efforts are proceeding with the establishment of a SmartZone for the City of Sault Ste. Marie. A key component of this SmartZone will be the development and construction of a Breeder Building. The SmartZone will provide a vital development link between the LSSU prototype development center and start-up commercialization that is housed in the Sault Ste. Marie Industrial Incubator. The Breeder will be a 15,000 square foot flexible manufacturing facility. The Breeder will be an advanced technology accelerator with all the necessary equipment needed to demonstrate and test methods of efficiently building a prototyped product on a ramped up scale in an effort to help the perspective manufacturer make intelligent build and equipment selection decisions.

As part of the SmartZone, the client seeking to develop a new product will also work with the School of Business at LSSU to develop commercialization plans, including business plans, marketing materials, pro forma financial projections, and other related items in order to determine whether the commercialization of a manufacturing process is viable or not. If it is determined that the manufacturer of an item is viable and sufficient capital exists for a start-up, then that business start-up would occur in the City's incubator building or other facilities. The Breeder Building is a key element in utilizing the technology that is available at Lake Superior State University to develop and grow the economy of the Eastern Upper Peninsula.

In addition to the breeder building, the EDA grant will include an upgrade to the City's existing incubator building. The improvements will modernize the building, including the mechanical systems and other types of improvements. The breeder building proposal is \$132,331 with an additional \$900 for surveying and staking, and \$6,200 for testing. The incubator proposal is for \$49,742 for the complete engineering costs. The combination of engineering costs are below the budgeted amount by EDA of \$216,055.

Moved by Commissioner Bauer, supported by Commissioner Burton

That the City Commission authorize approval of an Architectural/Engineering Agreement with Integrated Designs, Inc. of Marquette, Michigan for the design of the Breeder Building in an amount of \$132,331 with additional expenses for survey and testing of \$7,100.

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

January 17, 2011

Moved by Commissioner Bauer, supported by Commissioner Burton

That the City Commission authorize an Architectural/Engineering Agreement with Integrated Designs, Inc. of Marquette, Michigan for the design of renovations to the Incubator Building in the amount of \$49,742.

Carried: Yeas: Commissioner Gerrie, Lynn, Munsell, Stefanski, Mayor
Bosbous, Commissioner Bauer, and Commissioner Burton
Nays:

APPROVAL OF AN AGREEMENT WITH THE MICHIGAN DEPARTMENT OF
TRANSPORTATION FOR WORK ON EASTERDAY AVENUE AND THE EASTERDAY
AVENUE OVERPASS:

The Michigan Department of Transportation has agreed to widen the Easterday Avenue overpass with parity funds from the International Bridge. The original MDOT estimate for this work was \$1,590,315. The low bid, as read, was \$2,054,985, which places this project at 29% over the engineer's estimate.

As part of this project, the City has requested additional work in connection with the overpass project. This includes the paving of approximately 14 feet of additional width on the south side of the structure, which carries Easterday Avenue over highway I-75 in order accommodate a bike path/walking path at this location. In addition, there are various repairs to the concrete joints located on the east side of the bridge as well as replacement of a turn lane on the west side of the bridge. Work has also been included to upgrade the traffic signal located at Portage and Easterday as part of this project. These are costs to be born by the City.

With the higher cost that anticipated, the City's costs are estimated to be approximately \$42,000 greater than what was anticipated at the time the engineer's estimate was put together for this project.

Even with the higher cost this is a great deal for the City that will certainly build a stronger pedestrian and bike connection to connect the University and residential areas on the east side of I-75 with similar facilities on the west side of I-75. This is a rare opportunity to get this work completed with MDOT sharing the bulk of the expenses. MDOT is reviewing the bids to see if this work may be rebid or that the bid be awarded as is. Based on the tightly grouped bids, it would appear that the bids are reasonable and with fuel prices and material prices on the increase, contractors may be hedging their bets a bit on projects for 2011.

Moved by Commissioner Gerrie, supported by Commissioner Bauer

That the City Commission authorize the City Manager to execute MDOT Contract No. 10-5768 with the Michigan Department of Transportation to participate in improvements at the time the overpass is reconstructed in 2011 in an amount estimated

January 17, 2011

at \$144,200.

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

AUTHORIZATION TO ACCEPT A GRANT IN THE AMOUNT OF \$35,000 FROM
THE USDA URBAN AND COMMUNITY FORESTRY PROGRAM:

The City of Sault Ste. Marie has been awarded a grant in the amount of \$35,000 from the USDA's Urban and Community Forestry Program. This funding is through the Great Lakes Restoration Initiative funding. Of this funding, \$30,000 will be used to create an inventory of existing public trees and the preparation of an Urban Master Plan for the City Tree Commission. \$5,000 will be utilized for implementation of recommendations in the Master Plan, including the planting of new trees. The City Tree Commission has been in discussion with both LSSU and the Chippewa/East Mackinac Conservation District for the best way to complete the Master Plan study.

The Conservation District has completed an ash tree analysis in cooperation with Michigan State University for the City of St. Ignace and Moran Township. They have offered their expertise to work with the City and Lake Superior State University to implement a program here as well. It is likely the Tree Commission would use some combination of the Conservation District and LSSU in order to do the Master Plan for the City of Sault Ste. Marie. Lake Superior State University did an initial ash tree census for the City.

City Manager Nebel appreciates the efforts of Alicia Askwith in pulling this grant application together on behalf of the Tree Commission. This grant will allow the City to move forward with a comprehensive tree plan in accordance with the Tree Commission's plans to apply for Tree City U.S.A. status for the City of Sault Ste. Marie.

Moved by Commissioner Stefanski, supported by Commissioner Gerrie

That the City Commission authorize the City Manager to execute a grant agreement for GLRI Master Plan Inventory Planning and Implementation Award No. 11-DG-11420004-021 in the amount of \$35,000.

That the City Commission appropriate \$35,000 in grant revenues and expenditures for this purpose.

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

AUTHORIZATION TO ACCEPT AN ASSISTANCE TO FIRE FIGHTERS GRANT

January 17, 2011

FOR THE SAULT STE MARIE FIRE DEPARTMENT FOR THE PURCHASE AND INSTALLATION OF A FIRE ALARM NOTIFICATION SYSTEM AND EMERGENCY STANDBY GENERATOR:

The City of Sault Ste. Marie has been notified that the City will be awarded a grant in the amount of \$57,000 for the purchase and installation of a fire alarm notification system and emergency standby generator. The grant provides \$17,000 for the alarm system and \$40,000 for the emergency generator for the Fire Hall.

The grant application was previously authorized by the City Commission.

Congratulations to Fred Schneider and Chief Thorpe on successfully obtaining this grant.

Moved by Commissioner Bauer, supported by Commissioner Burton

That the City Commission authorize the acceptance of the Assistance to Fire Fighters Grant, #EMW-2010-FO-05698, in the amount of \$57,000 for the purchase and installation of a fire alarm notification system and emergency standby generator with the grant amount being \$54,150 and the local 5% match being \$2,850.

That the City Commission appropriate the funding for this purchase of \$57,000 for the 2010-11 fiscal year with the local match of \$2,850 being appropriated from the City's Contingency Fund.

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

AUTHORIZATION OF VARIOUS FUTURE GRANT APPLICATIONS FOR THE FIRE DEPARTMENT:

Annually, the Fire Department has put together a list of potential projects where funding could be applied for improvements to the department. Starting last year, administration had the Commission pre-approve the list of potential projects to facilitate the application process by the City for these funds. The specific projects for 2011 include:

1. Funding to replace the 22 year old Engine 58 at an estimated replacement cost of \$1.2 million with funding from various federal, state, and local sources.
2. Replacement of EMS stretchers at a cost of \$17,000 through the AFG Program with a 5% local match.
3. Multiple gas meter for detecting carbon monoxide, hydrogen sulfide, and

January 17, 2011

other gases with a cost of \$12,000 obtained through private funding.

4. A new thermal imager at a cost of \$14,900 utilizing private funding.
5. Purchase of a new command vehicle/Chief's truck through Rural Development and local funding.
6. Fire extinguisher training for the general public education with a cost of \$10,500 with a FP&S grant requiring a 5% match.

If the Commission is comfortable with these six projects, then as opportunities come forward to make application, the department will proceed with those grant applications. If an application is approved, then a grant agreement will be brought back to the City Commission for the Commission's final approval.

Moved by Commissioner Lynn, supported by Commissioner Stefanski

That the City Commission authorize applications for funding for the projects defined in the City Manager's report.

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

Status Reports:

Status Report on Police Chief and City Engineer Positions:

City Manager Nebel was hoping to be in a position to make an appointment of a Police Chief for the January 17th City Commission meeting. Administration is waiting for the psychological evaluations for both of the two finalists prior to making a decision on an appointment for the City Commission's consideration for confirmation.

In the process of searching for a City Engineer, work has continued to look at additional candidates for this position before making a decision. On Wednesday, January 12th, Valerie Povey and City Manager Nebel conducted four telephone interviews of candidates that responded to the December 31st application deadline. Administration is going to proceed with interview panels for three of these candidates tentatively scheduled for January 28th. Administration wanted to take a look at a larger pool of candidates before making a final decision for this critical City position. Administration does have two candidates that were considered finalists after the last round of interviews that will still receive consideration as part of any final decision-making for this position.

January 17, 2011

Rental Registration:

City Manager Nebel reminded landlords that rental registrations are due by February 15, 2011.

Sault Seal Recreational Area:

City Manager Nebel announced that Sault Seal Recreational Area has reopened for the season.

MATTERS PRESENTED BY THE PUBLIC:

None

MATTERS PRESENTED BY THE CITY COMMISSION:

Mayor Bosbous asked City Manager Nebel to give an update on the CSO meeting held Thursday, January 13, 2011.

Commissioner Burton received a call regarding a concern with excess fluoride in the City's water. Jim Moreau responded to Commissioner Burton's concerns. Commissioner Burton also inquired about the snowmobile signage on Marquette Avenue.

Commissioner Stefanski expressed concerns with snowmobiles on Johnston Street and inquired if the police could make a visit to the residence in question.

Moved by Commissioner Lynn, supported by Commissioner Bauer

That the meeting adjourn at 8:08 p.m.

Motion carried unanimously.

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

January 17, 2011