

## COUNCIL AGENDA

For

February 20, 2006, 6:30 p.m., Council Chamber

PLEASE NOTE: **There will be a Committee of the Whole meeting today beginning at 5:00 p.m. in the Council Chamber.** Elizabeth Hansen, Human Planning Commission Chair, will discuss their block grant funding recommendations.

ROLL CALL:

CORRECTION AND APPROVAL OF MINUTES OF PRECEDING SESSIONS:

November 3, 2005 special Council meeting, November 7, 2005, November 14, 2005 and November 21, 2005 regular Council meetings.

ANNOUNCEMENTS:

Tom Brubaker to accept proclamation designating February as National Black HIV/AIDS Awareness Month in the City of Saginaw.

PUBLIC HEARINGS:

Single Lot Special Assessments Tax Roll

PERSONAL APPEARANCES:

(A list will be provided on Monday after 1:30 p.m.)

REMARKS OF COUNCIL:

PETITIONS:

06-04 from Cory L. Wale, Spicer Group, requesting review of their Single Family Development Phase II.

REPORTS FROM BOARDS AND COMMISSIONS AND COMMITTEES:

APPOINTMENT OF BOARDS AND COMMISSIONS MEMBERS:

REPORTS FROM MANAGER:

A. Management Update

1. Beth Church, Interim Human Resources Director, will review the fifteen (15) year Police & Fire Pension analysis.
2. Andre' Borrello will give an update on water contracts.
3. Joe Dziuban, Fire Chief, will discuss Fire Department agenda items.

B. Recommended Actions

1. Recommending approval of the Interlocal Agreement with Saginaw County for administration of the 2006 Byrne Justice Assistance Grant and for the distribution of the proceeds. These funds will be used to reimburse overtime expenses associated with assigning officers to a gang suppression unit. This Interlocal Agreement sets forth the rights and obligations of the parties and is a requirement before the grant may be awarded.
2. Recommending approval of a water service agreement between the City of Saginaw and Birch Run Township for the provision of treated water to Birch Run Township and for revenue sharing between the two communities.
3. Recommending approval of the agreement with Perry Investment LLC ("Perry") to lease the vacant lot located at 311 North Hamilton Street. The City will lease the lot to Perry in exchange for a monthly fee of \$100.00. Pursuant to the terms of the agreement, Perry is responsible for maintaining the premises. In addition, Perry will indemnify and hold the City harmless.
4. Recommending approval of the contract between the City of Saginaw and Pam Ginderske for the purpose of providing Cardiac Pulmonary Resuscitation (CPR) and Automatic External Defibrillator (AED) training for the City's fire department in an amount not to exceed \$1,400.00. Funds are available in the Saginaw Fire Department's Training and Development Account No. 101 3752 751 8090.
5. Recommending that the original purchase order issued to Front Line Services be increased by \$20,000 for a total amount of \$52,000 for preventative maintenance and emergency repairs on fire department apparatus. This vendor meets all requirements of the contract compliance provisions. Funds are available in the Fire Department Motor Vehicle Repairs Account No. 101 3754 751 8042.
6. Recommending that purchase orders be approved and issued to Exercise Express in the amount of \$23,116.80, Sourceling in the amount of \$25,500.00, and Lifefitness in the amount of \$7,738.96 for the purchase of exercise equipment to be used by four stations of the Fire Department. Further

recommending that a purchase be approved and issued to the International Association of Firefighters in the amount of \$3,000.00 for certification of two (2) peer fitness trainers, and to a local vendor in the amount of \$2,500.00 for nutritional counseling for a total amount of \$61,855.76. These vendors meet all requirements of the contract compliance provisions. The Federal Assistance to Firefighters Grant will award \$49,484.61 which is 80% of the total cost (\$61,855.76) and the remaining balance of \$12,371.15 is available in the Saginaw Fire Department Capital Outlay Repairs and Replacements Account No. 101 3752 751 9720.

7. Recommending approval of the insurance proposal with Hanover Insurance Company to cover Employee Dishonesty, Forgery or Alteration, Money & Securities, and Computer Fraud effective March 1, 2006 through January 31, 2007, for a total cost of \$7,905.00 and that the City Manager and/or his designee be authorized to execute any and all necessary documents under the plan.

INTRODUCTION OF ORDINANCES:

1. An ordinance to add "Low Income Housing Tax Exemption for Amurcon Corporation," to the Table of Special Ordinances, VIII.

CONSIDERATION AND PASSING OF ORDINANCES:

RESOLUTIONS:

UNFINISHED BUSINESS:

MOTIONS AND MISCELLANEOUS BUSINESS:

Darnell Earley  
Interim City Manager

# COUNCIL COMMUNICATION

**From:** The City Manager

**Subject:** Fire Department Exercise Equipment

**Manager's Recommendation:**

I recommend that purchase orders be approved and issued to Exercise Express in the amount of \$23,116.80, Sourceling in the amount of \$25,500.00, and Lifefitness for \$7,738.96 for a total of \$56,355.76 for the purchase of exercise equipment to be used by four stations of the Fire Department. Also to the International Association of Firefighters in the amount of \$3,000.00 for certification for two (2) peer fitness trainers, and to a local vendor in the amount of \$2,500.00 for nutritional counseling for a total amount of \$61,855.76.

These vendors meet all requirements of the Contract Compliance Provisions, Title 1, Chapter 14, §14.35-14.44, of the Saginaw Code of Ordinances.

The Federal Assistance to Firefighters Grant will award \$49,484.61 which is eighty percent (80%) of the total cost of \$61,855.76. The remaining balance of \$12,371.15 is available in the Saginaw Fire Department Capital Outlay Repairs and Replacements Account No. 101-3752-751 97-20.

**Justification:**

Old and worn equipment will be replaced. Fitness and nutrition training and counseling is included with the up-dated equipment. The morale, health, and safety of our firefighters will be enhanced. Over time, we expect to employ healthier firefighters and experience a reduction in lost time through lower injury and sick rates. The Federal Emergency Management Association endorses our program.

On November 22, 2005 and November 29, 2005, the City of Saginaw accepted bids for various pieces of exercise equipment for the four fire stations. The Purchasing Committee reviewed these bids. Following is a tabulation of the bids received:

	<u>Total Bid</u>	<u>Specific Purchases</u>
Astute Advance, LLC Saginaw, MI	\$67,804.00	
Sourceling Saginaw, MI	\$40,280.00	\$25,500 (Items 2-8)

# COUNCIL COMMUNICATION

Exercise Express Saginaw, MI	\$67,044.87	\$23,116.80 (Item 1)
Old Towne Gym Saginaw, MI	\$51,506.00 (Disqualified)	
Aegis Fitness Solution Saginaw, MI	\$22,388.00	
Lifefitness Saginaw, MI (NOTE: Only bidder for exercise bikes)	\$ 7,738.96	\$ 7,738.96 (Exercise Bikes)
International Association of Firefighters (Single source) Washington, DC		\$ 3,000.00
Nutrition and health counseling <i>(Will be bid separately on a per hour basis)</i>		\$ 2,500.00

All vendors did not bid on all items and many substitutions were made. Therefore, the bids were split and we accepted parts of bids from Exercise Express, Sourceling, and Lifefitness for various pieces of equipment. Also included in the total cost is certification for two (2) peer fitness trainers from the International Association of Firefighters and nutritional counseling from a local health care vendor.

**Council Action:**

Council \_\_\_\_\_ moved that the recommendation of the City Manager be approved.

# COUNCIL COMMUNICATION

**From:** The City Manager

**Subject:** Interlocal Agreement for Distribution of Byrne Grant.

**Manager's Recommendation:**

I recommend approval of the Interlocal Agreement with Saginaw County for administration of the 2006 Byrne Justice Assistance Grant and for the distribution of the proceeds. This contract has been approved by the City Manager as to substance and the City Attorney as to form.

**Justification:**

The City of Saginaw and the County of Saginaw have negotiated the division of the proceeds of the 2006 Byrne Justice Assistance Grant. The County has agreed to administer the \$108,369.00 grant and provide the City \$54,184.50 (50% of the total award). These funds will be used to reimburse overtime expenses associated with assigning officers to a gang suppression unit.

This Interlocal Agreement sets forth the rights and obligations of the parties and is a requirement before the grant may be awarded.

**Council Action:**

Council \_\_\_\_\_ moved that the recommendation from the City Manager be approved.

# COUNCIL COMMUNICATION

**From:** The City Manager

**Subject:** Fire Apparatus Repairs and Maintenance

**Manager's Recommendation:**

I recommend that the approved purchase order previously issued to Front Line Services be increased by \$20,000 for a total amount of \$52,000 for preventative maintenance and emergency repairs on Fire Department apparatus.

This vendor meets all requirements of the Contract Compliance Provisions, Title 1, Chapter 14, §14.35-14.44, of the Saginaw Code of Ordinances.

Funds are available in the Fire Department Motor Vehicle Repairs Account No. 101-3754-751.80-42.

**Justification:**

On August 23, 2005, City Council approved a purchase order in the amount of \$32,000 to Front Line Services for preventative maintenance and emergency repairs on Fire Department apparatus. It has become apparent that we will be using this vendor more than anticipated for the required apparatus maintenance and repairs.

**Council Action:**

Council \_\_\_\_\_ moved that the recommendation of the City Manager be approved.

# COUNCIL COMMUNICATION

**From:** The City Manager

**Subject:** Cardiac Pulmonary Resuscitation (CPR) and Automatic External Defibrillator (AED) Training Contract

**Manager's Recommendation:**

I recommend approval of the contract between the City of Saginaw and Pam Ginderske for the purpose of providing CPR and AED training for the City's Fire Department in an amount not to exceed \$1,400.00.

The agreement has been approved by the City Manager as to substance and the City Attorney as to form.

Funds for this purpose are available in the Saginaw Fire Department's Training and Development Account No. 101-3752-751 80-90.

**Justification:**

The City's Fire Department employees provide CPR and AED services. The certified trainers that were City employees have retired, therefore, the Fire Department must hire a trainer in order to maintain certification for fire department personnel. The contractor, Pam Ginderske, is a certified CPR and AED trainer and has been employed with the American Heart Association for at least eleven (11) years. She has conducted training for the City for the past several years.

**Council Action:**

Council \_\_\_\_\_ moved that the recommendation of the City Manager be approved.



# COUNCIL COMMUNICATION

**From:** The City Manager

**Subject:** Lease Agreement with Perry Investment LLC

**Manager's Recommendation:**

I recommend that the agreement with Perry Investment LLC ("Perry") to lease the vacant lot located at 311 North Hamilton Street be approved. It has been approved by me as to substance and the City Attorney as to form.

**Justification:**

Perry owns land located at 301 North Hamilton and leases it to Perr's Pub. The property is known as the old Schuch Hotel. The City has a lot located adjacent to Perr's Pub. Perry submitted a request to the City to lease the lot for parking. Staff reviewed the request and determined that it would benefit both parties. The City will lease the lot to Perry in exchange for a monthly fee in the amount of One Hundred Dollars and 00/100 (\$100.00).

Pursuant to the terms of the agreement, Perry is responsible for maintaining the premises. Furthermore, Perry will indemnify and hold the City harmless. In addition, Perry can erect a sign with the City's permission that the lot is for the use of their customers and business invitees.

**Council Action:**

Council \_\_\_\_\_ moved that the recommendation of the City Manager be approved.

# COUNCIL COMMUNICATION

**From:** The City Manager

**Subject:** Enactment of Ordinance for Housing Tax Exemption

**Manager's Recommendation:**

I recommend that the ordinance for Low Income Housing Tax Exemption be enacted. This will allow an extension for an existing PILOT to assist in renovation of the apartment complex.

**Justification:**

The City enacted a Payment in Lieu of Taxes ("PILOT") Ordinance in 1982 to assist in the construction of Birch Park Apartments. The duration of the PILOT was 50 years, and the service fee was 5% of shelter rents. The owner wishes to engage in an extensive repair and renovation program so that it may continue to operate these apartments under the present circumstances into the foreseeable future. In order to finance these renovations, the owner will need to obtain financing. In order to obtain financing, it will need to show a PILOT that will last for the length of the proposed mortgage: another thirty-five (35) years.

The present PILOT expires in 2032. The owner needs a PILOT ordinance that will last through 2041. The purpose of this proposal is to enact a new, thirty-five (35) year PILOT ordinance that will supercede and extend the existing PILOT ordinance. The new PILOT ordinance will have a service fee of 5.5% of shelter rents.

**Council Action:**

This Council Communication is for explanation of the ordinance and requires no separate approval.

# COUNCIL COMMUNICATION

Council \_\_\_\_\_ introduced an amended ordinance entitled and reading  
as follows:

AN ORDINANCE TO ADD SECTION §33.49, "LOW INCOME HOUSING TAX EXEMPTION," TO CHAPTER 33, "TAXATION AND ASSESSMENT" OF TITLE III, "ADMINISTRATION" OF THE CITY OF SAGINAW CODE OF ORDINANCES, O-1.

Laid over under the Charter provision.

# COUNCIL COMMUNICATION

Council \_\_\_\_\_ moved that an ordinance introduced February 20, 2006, entitled and reading as follows, be taken up and enacted:

AN ORDINANCE TO ADD SECTION §33.49, "LOW INCOME HOUSING TAX EXEMPTION," TO CHAPTER 33, "TAXATION AND ASSESSMENT" OF TITLE III, "ADMINISTRATION" OF THE CITY OF SAGINAW CODE OF ORDINANCES, O-1.

The City of Saginaw ordains:

Section 1. §33.49 "Low Income Housing Tax Exemption," of Chapter 33, "Taxation and Assessment," of Title III, "Administration," of the City Of Saginaw Code Of Ordinances, O-1, is hereby added and shall read as follows:

## §33.49 LOW INCOME HOUSING TAX EXEMPTION

This ordinance shall provide for a service charge in lieu of taxes for an existing multiple-family dwelling project for persons of low income to be financed or assisted pursuant to the provisions of the State Housing Development Authority Act of 1966, as amended.

### (A) *Preamble.*

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 to be paid in lieu of property taxes in accordance with the State Housing Development Authority Act of 1966 (1966 PA 346, as amended; MCL Section 125.1401 et seq.). The City 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 this Act. It is further acknowledged that such housing for persons of low income is a public necessity, and as the City will be benefited and improved by such housing, the encouragement of the same by providing certain real estate tax exemption for such housing is a valid public purpose; further, that the continuance of the provisions of this Ordinance for tax exemption and the service charge in lieu of taxes during the period contemplated in this Ordinance are essential to the determination of economic feasibility of housing

# COUNCIL COMMUNICATION

developments which are constructed or renovated and financed in reliance on such tax exemption.

The City acknowledges that Birch Park-2004 Limited Dividend Housing Association Limited Partnership ("Owner") proposes to acquire and renovate a multiple-family dwelling project which is subject to an existing Pilot Ordinance, D-1384, and which the parties wish to extend. The city further acknowledges that Owner has offered, and subject to receipt of Low Income Housing Tax Credits and/or a Mortgage Loan from the Michigan State Housing Development Authority, to repair and renovate, and to acquire, own and operate one or more Housing Developments on certain property located in the City of Saginaw, County of Saginaw, State of Michigan described on Exhibit A which is kept on file with the City Clerk, the keeper of records for the City of Saginaw, and is incorporated herein by reference to serve persons of low income; that each Housing Development shall be maintained on a part of the property described on Exhibit A owned by Owner, a separate limited dividend housing association formed in accordance with the laws of the State of Michigan for the sole purpose of owning and operating that Housing Development; that the Owner of each phase on which a Housing Development exists or is constructed shall pay to the City on account of such Housing Development an annual service charge for public services in lieu of all taxes; and that the provisions of this Ordinance are intended to establish such annual service charge in lieu of taxes for each Housing Development operated on any portion of the property described on Exhibit A that complies with and satisfies the provisions of this Ordinance.

(B) *Definitions.*

(1) Act means the State Housing Development Authority Act, being Public Act 346 of 1966 of the State of Michigan, as amended.

(2) Annual Shelter Rents 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, electricity, water and sanitary sewer service, or other utilities furnished to the occupants.

(3) Authority means the Michigan State Housing Development Authority.

# COUNCIL COMMUNICATION

(4) Code means the U.S. Internal Revenue Code of 1986, as the same may be amended from time to time (or any corresponding provisions of any successor law).

(5) Contract Rents are as defined by the U. S. Department of Housing and Urban Development in regulations promulgated pursuant to the U. S. Housing Act of 1937, as amended.

(6) Housing Development means a development which contains a significant element of housing for Persons of Low Income and such 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 Income.

(7) Low Income Housing Tax Credits means tax credits allocated by the Authority to a Housing Development pursuant to Section 42 of the Code.

(8) Mortgage Loan means a loan to be made by the Authority to the Sponsor for the acquisition, renovation and/or permanent financing of the Housing Development.

(9) Persons of Low Income means low income persons or families as defined in Section 15(a)(7) of the Act.

(10) Sponsor means Amurcon Corporation or person(s) or entities, formed or to be formed, which have applied to the Authority for a Mortgage Loan to finance a Housing Development and/or Low Income Housing Tax Credits.

(11) Utilities mean gas, electricity, water and sanitary sewer service, or other utilities furnished to the occupants and paid by the Housing Development.

(C) *Class of Housing Developments.*

It is hereby determined that the class of Housing Development to and for which the tax exemption shall apply and for which a service charge shall be paid in lieu of such real property taxes pursuant to this Ordinance shall be multiple family units, which are financed or assisted pursuant to the Act and which are constructed or maintained upon the real property described on Exhibit A. It is further determined that a Housing Development for which a site plan has been submitted by a Sponsor and approved by the City is of this class, so long as the same complies with the provisions of this Ordinance.

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(D) *Establishment of Annual Service Charge.*

A Housing Development and the real property forming a part of Exhibit A on which it has been constructed shall be exempt from all property taxes from and after the date hereof. The City, acknowledging that the Sponsor and the Owner have established or will establish the economic feasibility of the Housing Development in reliance upon the enactment and continuing effect of this Ordinance and the qualification of the Housing Development for exemption from all property taxes and a payment in lieu of taxes as established in this Ordinance, and in consideration of the Sponsor's proposal, subject to receipt of a Mortgage Loan or an allocation of Low Income Housing Tax Credits from the Authority to acquire, renovate, own, and operate the Housing Development, hereby agrees to accept payment of an annual service charge for public services in lieu of all property taxes for the Housing Development. The annual service charge shall be five and one half (5.5%) percent of Annual Shelter Rents.

(E) *Contractual Effect of Ordinance.*

Notwithstanding the provisions of Section 15(a)(5) of the Act to the contrary, a contract between the City and each Sponsor and Owner, with the Authority as a third-party beneficiary thereunder, to provide tax exemption and accept payments in lieu of taxes as previously described is effectuated by enactment of this Ordinance. The City Manager and the City Clerk shall be and hereby are authorized to execute any and all contracts which may be required by the Authority for the purpose of effectuating and executing the provisions of this section.

(F) *Payment of Service Charge.*

The service charge in lieu of taxes as determined under the Ordinance shall be payable in the same manner as general property taxes are payable to the City except that the annual payment shall be paid on or before the first (1<sup>st</sup>) day of August of each year. Prior to the first day of June of each year, the Sponsor or Owner shall submit to the City a copy of its certified audit as submitted to the Authority in order for the City to verify the payment to be made hereunder.

(G) *Duration.*

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This Ordinance shall remain in effect as to each Housing Development and shall not terminate so long as the property is subject to a Mortgage Loan, tax credit regulations under Section 42 of the Code, or the Authority has any interest in the property not to exceed 35 years after the date that the Owner acquires the Housing Development. Provided, however, that if renovation of a Housing Development does not commence within five years from the effective date of this Ordinance, that Housing Development shall not qualify for exemption hereunder.

(H) *Severability.*

The various sections and provisions of this Ordinance shall be deemed to be severable, and should any section or provision of this Ordinance be declared by any court of competent jurisdiction to be unconstitutional or invalid the same shall not affect the validity of the Ordinance as a whole or any section or provision of this Ordinance other than the section or provision so declared to be unconstitutional or invalid. All ordinances or parts of ordinances in conflict with this Ordinance are hereby repealed to the extent of such conflict.

Section 2. This ordinance shall become effective March 16, 2006.

Enacted: March 6, 2006.



# COUNCIL COMMUNICATION

Council \_\_\_\_\_ moved that an ordinance introduced February 20, 2006, entitled and reading as follows, be taken up and enacted:

AN ORDINANCE TO ADD "LOW INCOME HOUSING TAX EXEMPTION FOR AMURCON CORPORATION," TO THE TABLE OF SPECIAL ORDINANCES, VIII.

The City of Saginaw ordains:

Section 1. "Low Income Housing Tax Exemption for Amurcon Corporation," is hereby added to the Table of Special Ordinances VIII, of the City Of Saginaw Code Of Ordinances, O-1, and shall read as follows:

## **LOW INCOME HOUSING TAX EXEMPTION**

This ordinance shall provide for a service charge in lieu of taxes for an existing multiple-family dwelling project for persons of low income to be financed or assisted pursuant to the provisions of the State Housing Development Authority Act of 1966, as amended.

(A) *Preamble.*

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 to be paid in lieu of property taxes in accordance with the State Housing Development Authority Act of 1966 (1966 PA 346, as amended; MCL Section 125.1401 et seq.). The City 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 this Act. It is further acknowledged that such housing for persons of low income is a public necessity,

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and as the City will be benefited and improved by such housing, the encouragement of the same by providing certain real estate tax exemption for such housing is a valid public purpose; further, that the continuance of the provisions of this Ordinance for tax exemption and the service charge in lieu of taxes during the period contemplated in this Ordinance are essential to the determination of economic feasibility of housing developments which are constructed or renovated and financed in reliance on such tax exemption.

The City acknowledges that Birch Park-2004 Limited Dividend Housing Association Limited Partnership ("Owner") proposes to acquire and renovate a multiple-family dwelling project which is subject to an existing Pilot Ordinance, D-1384, and which the parties wish to extend. The city further acknowledges that Owner has offered, and subject to receipt of Low Income Housing Tax Credits and/or a Mortgage Loan from the Michigan State Housing Development Authority, to repair and renovate, and to acquire, own and operate one or more Housing Developments on certain property located in the City of Saginaw, County of Saginaw, State of Michigan described on Exhibit A which is kept on file with the City Clerk, the keeper of records for the City of Saginaw, and is incorporated herein by reference to serve persons of low income; that each Housing Development shall be maintained on a part of the property described on Exhibit A owned by Owner, a separate limited dividend housing association formed in accordance with the laws of the State of Michigan for the sole purpose of owning and operating that Housing Development; that the Owner of each phase on which a Housing Development exists or is constructed shall pay to the City on account of such Housing Development an annual service charge for public services in lieu of all taxes; and that

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the provisions of this Ordinance are intended to establish such annual service charge in lieu of taxes for each Housing Development operated on any portion of the property described on Exhibit A that complies with and satisfies the provisions of this Ordinance.

(B) *Definitions.*

(1) Act means the State Housing Development Authority Act, being Public Act 346 of 1966 of the State of Michigan, as amended.

(2) Annual Shelter Rents 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, electricity, water and sanitary sewer service, or other utilities furnished to the occupants.

(3) Authority means the Michigan State Housing Development Authority.

(4) Code means the U.S. Internal Revenue Code of 1986, as the same may be amended from time to time (or any corresponding provisions of any successor law).

(5) Contract Rents are as defined by the U. S. Department of Housing and Urban Development in regulations promulgated pursuant to the U. S. Housing Act of 1937, as amended.

(6) Housing Development means a development which contains a significant element of housing for Persons of Low Income and such 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 Income.

(7) Low Income Housing Tax Credits means tax credits allocated by the Authority to a Housing Development pursuant to Section 42 of the Code.

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(8) Mortgage Loan means a loan to be made by the Authority to the Sponsor for the acquisition, renovation and/or permanent financing of the Housing Development.

(9) Persons of Low Income means low income persons or families as defined in Section 15(a)(7) of the Act.

(10) Sponsor means Amurcon Corporation or person(s) or entities, formed or to be formed, which have applied to the Authority for a Mortgage Loan to finance a Housing Development and/or Low Income Housing Tax Credits.

(11) Utilities mean gas, electricity, water and sanitary sewer service, or other utilities furnished to the occupants and paid by the Housing Development.

(C) *Class of Housing Developments.*

It is hereby determined that the class of Housing Development to and for which the tax exemption shall apply and for which a service charge shall be paid in lieu of such real property taxes pursuant to this Ordinance shall be multiple family units, which are financed or assisted pursuant to the Act and which are constructed or maintained upon the real property described on Exhibit A. It is further determined that a Housing Development for which a site plan has been submitted by a Sponsor and approved by the City is of this class, so long as the same complies with the provisions of this Ordinance.

(D) *Establishment of Annual Service Charge.*

A Housing Development and the real property forming a part of Exhibit A on which it has been constructed shall be exempt from all property taxes from and after the date hereof. The City, acknowledging that the Sponsor and the Owner have established or will establish the economic feasibility of the Housing Development in

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reliance upon the enactment and continuing effect of this Ordinance and the qualification of the Housing Development for exemption from all property taxes and a payment in lieu of taxes as established in this Ordinance, and in consideration of the Sponsor's proposal, subject to receipt of a Mortgage Loan or an allocation of Low Income Housing Tax Credits from the Authority to acquire, renovate, own, and operate the Housing Development, hereby agrees to accept payment of an annual service charge for public services in lieu of all property taxes for the Housing Development. The annual service charge shall be five and one half (5.5%) percent of Annual Shelter Rents.

(E) *Contractual Effect of Ordinance.*

Notwithstanding the provisions of Section 15(a)(5) of the Act to the contrary, a contract between the City and each Sponsor and Owner, with the Authority as a third-party beneficiary thereunder, to provide tax exemption and accept payments in lieu of taxes as previously described is effectuated by enactment of this Ordinance. The City Manager and the City Clerk shall be and hereby are authorized to execute any and all contracts which may be required by the Authority for the purpose of effectuating and executing the provisions of this section.

(F) *Payment of Service Charge.*

The service charge in lieu of taxes as determined under the Ordinance shall be payable in the same manner as general property taxes are payable to the City except that the annual payment shall be paid on or before the first (1<sup>st</sup>) day of August of each year. Prior to the first day of June of each year, the Sponsor or Owner shall submit to

# COUNCIL COMMUNICATION

the City a copy of its certified audit as submitted to the Authority in order for the City to verify the payment to be made hereunder.

(G) *Duration.*

This Ordinance shall remain in effect as to each Housing Development and shall not terminate so long as the property is subject to a Mortgage Loan, tax credit regulations under Section 42 of the Code, or the Authority has any interest in the property not to exceed 35 years after the date that the Owner acquires the Housing Development. Provided, however, that if renovation of a Housing Development does not commence within five years from the effective date of this Ordinance, that Housing Development shall not qualify for exemption hereunder.

(H) *Severability.*

The various sections and provisions of this Ordinance shall be deemed to be severable, and should any section or provision of this Ordinance be declared by any court of competent jurisdiction to be unconstitutional or invalid the same shall not affect the validity of the Ordinance as a whole or any section or provision of this Ordinance other than the section or provision so declared to be unconstitutional or invalid. All ordinances or parts of ordinances in conflict with this Ordinance are hereby repealed to the extent of such conflict.

Section 2. This ordinance shall become effective March 16, 2006.

Enacted: March 6, 2006.

# COUNCIL COMMUNICATION

**From:** The City Manager

**Subject:** Approval of Water Service Agreement with Birch Run Township

**Manager's Recommendation:**

I recommend Council approve a water service agreement between the City of Saginaw and Birch Run Township for the provision of treated water to Birch Run Township and for revenue sharing between the two communities. The Agreement has been approved by me as to substance and the City Attorney as to form.

**Justification:**

The City of Saginaw has water treatment and transmission facilities which it uses to supply potable water services to various wholesale customers, including Birch Run Township. Birch Run Township requires a secure source of water service into the future to assist development in its municipality. The City of Saginaw and Birch Run Township have negotiated an agreement to provide water services and share in the revenue produced by the economic development created by those water services.

The additional revenue to be paid the City for additional water services in economic development projects includes the following:

1. A one-time payment of \$1,000 for additional water extensions to residential units, including those not requiring a permit.
2. A one-time fee, between \$5,000 and \$20,000, for additional water extensions to commercial or industrial units.
3. Payment of Income Tax by employees within the economic development projects, with the revenue shared by the City of Saginaw and Birch Run Township on an 80% to 20% basis.
4. The Agreement is for thirty (30) years.

This proposal has been presented to, discussed by and recommended by the City Council Water Committee. The Agreement has already been approved by Birch Run Township.

**Council Action:**

Council\_\_\_\_\_ moved the recommendation of the City Manager be approved.

# COUNCIL COMMUNICATION

**From:** The City Manager

**Subject:** Crime Policy Insurance Proposal with Hanover Insurance Company

**Manager's Recommendation:**

I recommend approval of the insurance proposal with Hanover Insurance Company to cover Employee Dishonesty (including Faithful Performance), Forgery or Alteration, Money & Securities, and Computer Fraud effective March 1, 2006 through January 31, 2007, for a total cost of \$7,905, and that I, and/or my designee, be authorized to execute any and all necessary insurance documents under the plan.

Coverage documents to implement the new insurance are approved subject to the City Manager's approval as to substance and the City Attorney's approval as to form.

The proposal is also subject to the City completing the Hanover Governmental Entities Application, Computer Fraud Questionnaire and providing Hanover with description of the 2005 embezzlement, including the corrective actions taken by the City to prevent future occurrences.

**Justification:**

Due to claims filed in the prior year, the City's insurer, St. Paul's Travelers, cancelled the City's Crime Policy effective March 1, 2006. Saginaw Bay Underwriters made inquiries from several companies and received a proposal from Hanover Insurance Company. The total cost for this policy is \$7,905. The cost for the Traveler's policy last year for the period 2/1/05-2/1/06 was \$11,084, however the deductibles for coverage with the new policy are less as indicted below:



# COUNCIL COMMUNICATION

Type of Coverage	Limit	Deductible	Prior Deductible with Travelers
Employee Dishonesty (including Faithful Performance)	\$1,000,000	\$10,000	\$5,000
Forgery or Alteration	\$100,000	\$1,000	\$250
Money & Securities (inside & outside)	\$300,000	\$10,000	\$250
Computer Fraud	\$500,000	\$10,000	\$500

Funds for the insurance premium are budgeted in the various departmental budgets.

**Council Action:**

Council \_\_\_\_\_ moved that the recommendation from the City Manager be approved.