

Council Agenda

July 30, 2007, 6:30 p.m., Council Chamber

ROLL CALL:

CORRECTION AND APPROVAL OF MINUTES OF PRECEDING SESSIONS:

July 16, 2007 regular Council meeting

ANNOUNCEMENTS:

PUBLIC HEARINGS:

1. Proposed vacation of the closed Lyon Street, Block 74, Smith and Hayden's Addition.
2. Proposed vacation of the closed Almira Street, abutting the southerly line of Lots 1 and 7, Block 69, Smith and Hayden's Addition.

PERSONAL APPEARANCES:

(A list will be provided on Monday)

REMARKS OF COUNCIL:

PETITIONS:

07-15 Requesting permission to erect a banner in the 500 block of Court Street from November 7, 2007 through December 6, 2007 for the purpose of promoting the Hollyday Fair.

07-18 from Sesquicentennial Committee, requesting permission to display fireworks at the Ruben Daniels Lifelong Learning Center parking lot between Niagara and the Saginaw River on August 10, 2007

07-19 from Sesquicentennial Committee, requesting permission to display fireworks at the north end of Ojibway Island on August 11, 2007.

REPORTS FROM BOARDS AND COMMISSIONS AND COMMITTEES:

APPOINTMENT OF BOARDS AND COMMISSIONS MEMBERS:

1. Consideration of reappointing Thomas A. Basil, Jr. to the Saginaw Economic Development Corporation with a term to expire June 30, 2010.
2. Consideration of reappointing Kevin Rooker to the Historic District Commission with a term to expire July 30, 2010.

REPORTS FROM MANAGER:

Management Update:

1. Presentation by Saginaw Machine Systems and Wright K Technology.
2. Lathel Wise, Interim Fire Chief, will discuss the donation of smoke detectors and funds from various businesses.

Recommended Actions:

1. Recommending that the purchase order issued to Front Line Services for the fire department apparatus repairs for fiscal year 2007 be increased in the amount of \$9,313.10 for a purchase order total of \$99,313.10. This vendor meets all requirements of the contract compliance provisions. Funds are budgeted and available in the Fire Apparatus Motor Vehicle Repairs Account No. 101 3754 751 8042.
2. Recommending that a purchase order be approved and issued to HACH Company in the amount of \$2,480.10 for the purchase of chemical reagents to perform Total Organic Carbon and Free Chlorine Residual analyses for the Water Treatment Plant. This vendor meets all requirements of the contract compliance provisions. Funds are budgeted in the Water Treatment Operations Account No. 591 4730 861 8005.
3. Recommending acceptance of the low bid and issuance of a purchase order to Continental Linen, Inc. in the amount of \$2,519.00 for fiscal year 2007-08 and \$2,519.00 for fiscal year 2008-09 for a total amount of \$5,038.00 for linen service for the Andersen Enrichment Center. This vendor meets all requirements of the contract compliance provisions. Funds are available in the Andersen Enrichment Center Operating Fund Account No. 236 7540 811 8005.
4. Recommending acceptance of the low bid and issuance of a purchase order to SQS, Inc. in the amount of \$3,163.00 for the disposal of lab chemical waste.

This vendor meets all requirements of the contract compliance provisions. Funds are budgeted in the Water Treatment Operations Account No. 591 4730 861 8001.

5. Recommending that an annual purchase order be issued to Bader Brothers in the amount of \$8,500.00 for the purchase miscellaneous of lawn equipment supplies. This vendor meets all requirements of the contract compliance provisions. Funds are available in the Grounds & Facilities Maintenance Account No. 101 7575 821 7330.
6. Recommending approval of the Cost Agreements for traffic signal maintenance at various locations throughout the City of Saginaw. The City's estimated share for installation of new equipment at M-13 and M-46 is \$16,000.00 and the yearly maintenance cost will be \$312.00. Funds are available in the Major Streets Fund Traffic Engineering Account No. 202 4621 791 8005.
7. Recommending approval of the Agreement for Professional Legal Services with Dickinson Wright PLLC for review of water and sewer bonds. The legal fee will be in an amount not to exceed \$18,000.00, plus out of pocket expenses for legal services in connection with the issuance of approximately \$5,010,000.00 in general obligations bonds for work on the City's wastewater treatment plant. Funds are available in the Sewer Bond Construction-Professional Legal Services Account No. 595 4843 881 8001.
8. Recommending that the account numbers and dollar amounts to pay for the City's share of the Johnson Street Reconstruction and Streetscaping project be modified.
9. Recommending that Council issue a notice of a ten-day extension to respond to The Saginaw News Freedom of Information Act ("FOIA") appeal due to extenuating circumstances.
10. Recommending that the 2007/2008 Approved Budget for the following activity be amended: the General Fund's 2008 Recreational budget of \$25,000.00 will increase by \$5,000.00, resulting in an increase of budgeted expenditures from \$25,000.00 to \$30,000.00. This increase will be offset by a decrease in available fund balance of \$2,000.00 as well as a transfer from the City/County/School Liaison budget of \$3,000.00.

INTRODUCTION OF ORDINANCES:

CONSIDERATION AND PASSING OF ORDINANCES:

1. An Ordinance to vacate the closed Lyon Street, located in the City of Saginaw, and to retain therein an easement for Public Utilities, Cable TV and

Telecommunications to be added to the Table of Special Ordinances II of the Saginaw Code of Ordinances.

2. An Ordinance to vacate the closed Almira Street, located in the City of Saginaw, and to retain therein an easement for Public Utilities, Cable TV and Telecommunications to be added to the Table of Special Ordinances II of the Saginaw Code of Ordinances.

RESOLUTIONS:

1. Approving the acceptance of smoke detectors and donations from Walmart, Home Depot, Morley's and Lowe's.
2. Consent to the creation of a Tool and Die Recovery Zone for Saginaw Machine Systems and Wright K Technologies.
3. Tentatively awarding the contract for construction of the proposed wastewater system improvements project to Gerace Construction in the amount of \$5,160,000.00, contingent upon successful financial arrangements with the State Revolving Fund Program.
4. Approving the appointment of Receiving Boards for the August 7, 2007 special election.
5. Approving MDOT Cost Agreements for maintenance of traffic signals.
6. Authorizing the issuance of tax-exempt bonds for capital improvements at the City's Wastewater Treatment Plant.

UNFINISHED BUSINESS:

MOTIONS AND MISCELLANEOUS:

Darnell Earley
City Manager

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Manager's Recommendation: Approval of the resolution as follows:

RESOLUTION TO APPROVE ACCEPTANCE OF SMOKE DETECTORS AND DONATIONS TO ACCEPT FUNDS TO PURCHASE SMOKE DETECTORS

Council _____ offered and moved the adoption of the following resolution:

WHEREAS, the fatal fire at 1003 South Michigan proved to be a great loss that was felt by a large number of the Saginaw community; and

WHEREAS, as a result of the fire, several local businesses, Walmart, Home Depot, Morley's and Lowe's, have offered to donate and/or provide monies to the Saginaw Fire Department to purchase smoke detectors; and

WHEREAS, in order to complete the process of receiving these donations, it is requested that the Saginaw City Council officially accept the donations which will help prevent future fire fatalities; now

THEREFORE, BE IT RESOLVED, that City Council accepts the generous donations from Walmart, Home Depot, Morley's and Lowe's.

BE IT FURTHER RESOLVED, that if any documents must be signed by the City, that the City Manager or his designee be authorized to sign the documents.

COUNCIL COMMUNICATION

From: The City Manager

Subject: Tool and Die Recovery Zone

Manager's Recommendation:

I recommend consent to the creation of a Tool and Die Recovery Zone for Saginaw Machine Systems and Wright K Technologies.

Justification:

The tool and die Industry has suffered severe losses with 65% business closures and the loss of 34,000 jobs. In an attempt to help a distressed industry, the Michigan Legislature amended the Renaissance Zone Act to allow for the designation of 25 Tool and Die Recovery Zones. The Michigan Economic Development Corporation is taking applications for the final two zones remaining. To qualify for a zone, tool and die businesses must form a collaborative and have a written agreement with other tool and die companies to address such areas as joint sales and marketing, development of standardized processes, tooling and project management. The goal is to enhance the economic effectiveness of each company in creating and retaining jobs, increasing revenues and new investment at each company. The involved municipality must consent to the creation of the zone within its boundaries.

Two Saginaw firms, Saginaw Machine Systems (SMS) at 800 & 912 N. Hamilton and Wright K Technology, Inc. at 2025 E. Genesee have met all the eligibility requirements and plan to join a 20+ company collaborative of southeast Michigan tool and die firms to compete for one of the two remaining Recovery Zones.

The combined workforce of the two companies is 103 and the companies have paid income taxes of nearly \$51,000 in 2006 (from employee withholding), which is

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expected to continue, given current employment levels. While certain real and personal property taxes would be abated under the Recovery Zone, other voted millage (including City of Saginaw Police & Fire (assessment), school debt, Community Hospital debt and Juvenile Home debt would continue. In addition, the state will hold harmless school operating, Saginaw ISD special education and operating, Delta College, Saginaw Public Library and the State Education Tax.

The Manager is recommending approval of the Resolution to Consent to the Creation of a Tool and Die Recovery Zone at 800 & 912 N. Hamilton and 2025 E. Genesee Avenue.

Council Action:

This Council Communication is for explanation purposes only of the Resolution to be adopted.

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Manager's Recommendation: Approval of the resolution as follows:

CONSENT TO CREATION OF A TOOL AND DIE RECOVERY ZONE

Council _____ offered and moved adoption of the following resolution:

WHEREAS, the City of Saginaw desires to promote economic activity and maintain and increase the number of jobs available to residents of the area;

WHEREAS, certain industries in the state are facing difficult times and the tool and die industry, in particular, has sustained losses due to foreign competition;

WHEREAS, the State of Michigan has enacted a law that offers the establishment of 25 Recovery Zones, 23 of which have been designated to date;

WHEREAS, the involved municipality must consent to the creation of the Tool and Die Recovery Zone within its boundary;

WHEREAS, designation of a Renaissance Recovery Zone will temporarily reduce the tax burden paid by businesses enabling them to reposition themselves to compete globally;

WHEREAS, two City of Saginaw businesses, Wright K Technology and SMS Group have entered into a collaborative agreement with other business entities having the appropriate North American industrial classification;

WHEREAS, both Wright K and SMS are qualified tool and die operations that own or lease property; and

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WHEREAS, should the area owned by Wright K and SMS be designated a Renaissance Recovery Zone, property within that zone will be exempt from taxes levied by the city, county, and other units of government as provided under this Act;

WHEREAS, certain millage rates (City of Saginaw Police & Fire assessment, school debt, Community Hospital debt and Juvenile Home debt) would not be exempt, while others (school operating, Saginaw ISD special education & operating, Delta College, Saginaw Public Library and the State Education Tax) would be held harmless; and

WHEREAS, we estimate that the foregone tax revenue would be a small portion of the benefits the designation of a Renaissance Recovery Zone will bring the community.

NOW, THEREFORE BE IT RESOLVED, that the City of Saginaw hereby consents to the creation of this Tool and Die Recovery Zone by the State of Michigan for Saginaw Machine Systems, 800 & 912 N. Hamilton and Wright K Technology, Inc., 2025 E. Genesee Avenue, pursuant to Public Act 376 of 1996, for a duration of up to fifteen (15) years.

COUNCIL COMMUNICATION

From: The City Manager

Subject: Dickinson Wright, PLLC Agreement.

Manager's Recommendation:

I recommend approval of the Agreement for Professional Legal Services with Dickinson Wright PLLC. Further, it is recommended that either the City Manager or his designee be authorized to execute the Agreement. This Agreement has been approved by the City Manager as to substance and the City Attorney as to form.

This vendor meets all the requirements of the Contract Compliance Provisions, Title 1, Chapter 19, §14.35-14.44, of the Saginaw Code of Ordinances.

Funds are available in the Sewer Bond Construction-Professional Legal Services Account, Number 595-4843- 881-8001.

Justification:

The City routinely uses the services of attorney Terence M. Donnelly of the law firm of Dickinson Wright for review of water and sewer bonds. The proposed Agreement will allow a continuation of that service. The legal fee will be in an amount not to exceed \$18,000.00, plus out of pocket expenses for legal services in connection with the issuance of approximately \$5,010,000.00 in general obligation bonds for work on the City's wastewater treatment plant.

Council Action:

Council _____ moved that the recommendation from the City Manager be approved.

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Manager's Recommendation: Approval of the resolution as follows:

APPOINTMENT OF RECEIVING BOARDS FOR THE AUGUST 7, 2007 SPECIAL ELECTION

Council _____ offered and moved adoption of the following resolution:

WHEREAS, a Special Election will be held in the City of Saginaw on Tuesday, August 7, 2007; and

WHEREAS, each of the City's twenty (20) precincts at the close of the polls, prepare the necessary paperwork to be sealed in specified envelopes, seal the ballots in the ballot box, and deliver the materials to the City Clerk's Office; and

WHEREAS, under Michigan law (MCL 168.679a), the legislative body of a City, by resolution, can authorize the Election Commissioners of the City to appoint receiving boards to accept and open the sealed envelopes and containers for review and verification.

NOW, THEREFORE, BE IT RESOLVED that the Election Commissioners for the City of Saginaw (consisting of the Chief of Police, City Attorney and City Clerk) are hereby authorized to appoint the necessary receiving boards to receive the materials (ballot boxes, poll books, and statement of votes) from the precincts at the close of the polls on August 7, 2007.

BE IT FURTHER RESOLVED that in accordance with MCL 168.679a, each board will consist of an equal number (or as near as possible) of inspectors from each major political party.

BE IT FURTHER RESOLVED that the receiving boards will be authorized to

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open the sealed envelopes and ballot boxes to verify: (1) that the number of ballots issued equals the number of voters in the poll book and statement of votes; (2) confirm that the ballot box has been properly sealed and that nothing other than ballots are contained within; and (3) verify that all necessary documents have been properly signed by the election inspectors of each precinct.

BE IT FURTHER RESOLVED that the receiving board, with the election inspectors, shall together take the necessary steps to correct any discrepancies, making notation of such correction in the poll book and shall notify the clerk of the board of canvassers of the corrective action taken. Upon review and correction, if necessary, the receiving board shall properly reseal the ballot boxes and envelopes.

COUNCIL COMMUNICATION

From: The City Manager

Subject: Andersen Enrichment Center Linen Service

Manager's Recommendation:

I recommend acceptance of the bid from Continental Linen, Inc. and issuance of a purchase order to them in the amount of \$2,519.00 for linen service for fiscal year 2007-08 and 2008-09.

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 for this purchase are available in the Andersen Enrichment Center Operating Fund Account No. 236-7540-811-8005.

Justification:

On June 26, 2007, the City received bids for linen services for the period of July 2007 through June 30, 2009. The bids received are as follows:

Continental Linen Services Brighton, MI	\$ 5,038.00
Maurer's Textile Rental Services Lansing, MI	\$ 5,048.00

These costs represent a 0% increase over the cost of the last agreement in 2005.

Council Action:

Council _____ moved that the recommendation of the City Manager be approved.

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From: The City Manager

Subject: Lab Chemical Waste Disposal

Manager's Recommendation:

I recommend that the low bid from SQS, Inc. be accepted and a purchase order be approved and issued to them in the amount of \$3,163.00 for the disposal of lab chemical waste.

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 for this purchase are budgeted in the Water Treatment Operations Account No. 591-4730-861-8001.

Justification:

On June 12, 2007, the City received five bids for the disposal of lab chemical waste. The waste includes out-dated and unused lab reagents and chemicals. Also included are unusable water treatment chemicals. There is no cost comparison available for this service. Following is a tabulation of the bids received and reviewed by the Purchasing Committee:

	<u>Total Bid</u>
SQS, Inc Canton, MI	\$ 3,163.00
EQ Detroit-Lab Pack Services Detroit, MI	\$ 3,631.67
Veolia Environmental Service Lapeer, MI	\$ 4,381.00
Pollution Control Industries Inc. East Chicago, IN	\$ 5,381.00
healthAIR, Inc. Farmington Hills, MI	\$ 5,898.00

Council Action:

Council _____ moved that the recommendation of the City Manager be approved.

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From: The City Manager

Subject: Water Treatment Plant HACH CDP

Manager's Recommendation:

I recommend that a purchase order be approved and issued to HACH Company in the amount of \$2,480.10 for the purchase of chemical reagents to perform Total Organic Carbon (TOC) and Free Chlorine Residual (Cl-) analyses for the Water Treatment Plant.

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 for this purchase are budgeted in the Water Treatment Operations Account No. 591-4730-861.80-05.

Justification:

The Water Treatment Plant performs Total Organic Carbon (TOC) and Free Chlorine Residual (Cl-) analyses using HACH Company on-line instruments. TOC analysis of finished water is an indication of water quality. The Environmental Protection Agency (EPA) and Michigan Department of Environmental Quality (MDEQ) require continuous Free Chlorine analysis. Since these meters require the use of HACH Company chemical reagents, the competitive bidding process was foregone. The quoted price of \$2,480.10 is an increase of 8.6% over the price paid for similar reagents during fiscal year 2006-2007.

Council Action:

Council _____ moved that the recommendation of the City Manager be approved.

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Manager's Recommendation: Approval of the resolution as follows:

**RESOLUTION TO APPROVE MDOT COST AGREEMENTS FOR
MAINTENANCE OF TRAFFIC SIGNALS**

Council _____ offered and moved adoption of the following resolution:

WHEREAS, Cost Agreements have been submitted by the Michigan Department of Transportation ("MDOT"), which require the City of Saginaw to adopt a resolution demonstrating its willingness to participate in the cost of traffic signal maintenance at the following locations:

Locations

- M-13 (Washington Ave.) @ M-46 (Rust Ave.)
- M-13 (Washington Ave.) @ 250' N. of M-46 (Rust Ave.)
- M-46 (Rust Ave.) @ 350' E. of M-13 (Washington Ave.)
- M-46 (Holland Ave.) @ Cumberland

and

WHEREAS, future maintenance of the traffic signal equipment at these intersections will be shared between MDOT and the City; and

WHEREAS, said Cost Agreements have been approved by the City Manager as to substance and by the City Attorney as to form;

NOW, THEREFORE, BE IT RESOLVED, that City officials be authorized to execute said Agreements on behalf of the City of Saginaw.

COUNCIL COMMUNICATION

From: The City Manager

Subject: Revision to account numbers to be used to pay for construction project on the Johnson Street Reconstruction and Streetscaping project

Manager's Recommendation:

I recommend that the account numbers and dollar amounts to pay for the City's share of the Johnson Street Reconstruction and Streetscaping project be modified as shown within the justification portion of this Council Communication.

Justification:

On February 19, 2007 City Council approved a Cost Agreement (No. 05-5528) with the Michigan Department of Transportation (MDOT) for the rights and obligations of the parties agreeing to the reconstruction and streetscape work along Johnson Street from Washington Avenue to Sixth Avenue. The total project was estimated to cost \$3,487,200.00 of which Federal Hazard Elimination (Safety) funds will pay \$164,900.00, Federal Surface Transportation Urban (STPU) funds will pay \$1,200,000.00, Federal Transportation Enhancement Activities (TEA) funds will pay \$926,300.00, State Transportation Economic Development Category F (TEDF) funds will pay \$341,200.00 and the City's estimated share was \$854,800.00. The City of Saginaw is responsible for any cost overruns in excess of \$3,487,200.00. The current contract amount for the Johnson Street project is \$3,682,977.00.

Funds for the City's share were originally set up as follows: Sewer Surplus Fund Account No. 576-4840-881-9720 (\$260,000.00), Water Bond Construction Projects Fund Account No. 598-4741-881-8047 (\$436,400.00) and Major Streets Construction Projects Account No. 202-4614-781-8047 (\$158,400.00). The Project No. is ST 0690. Engineering

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has since determined that they have been approved for funding from FY 2008 Community Development Block Grant Street Resurfacing. The current contract amount is \$195,777.00 over estimated amount. The low bid came in at \$3,540,330.00, and additional water main work has been added that has increased the current contract amount to \$3,682,977.00. Therefore I recommend that the funds for the City's share of the project be modified and approved as follows: FY 2008 Community Development Block Grant Street Resurfacing Account No. 275-6511-761-8046/08H085 (\$120,000), Sewer Surplus Fund Account No. 576-4840-881-9720 (\$312,177.00), Water Bond Construction Projects Fund Account No. 598-4741-881-8047 (\$580,000.00) and Major Streets Construction Projects Account No. 202-4614-781-8047 (\$38,400.00). The Project No. is ST 0690

Council Action:

Council _____ moved that the recommendation of the City Manager be approved.

COUNCIL COMMUNICATION

From: The City Manager

Subject: MDOT Cost Agreements for Maintenance of Traffic Signals

Manager' Recommendation:

I recommend the approval of the Cost Agreements for traffic signal maintenance at various locations throughout the City. The Cost Agreements have been approved by me as to substance, and the City Attorney as to form. A resolution to approve the Agreements appears under the regular order of business for your consideration.

Justification:

Transmitted herewith are Cost Agreements (City Clerk's File No. _____) with the Michigan Department of Transportation (MDOT) for traffic signal maintenance at the following locations:

<u>Location</u>	<u>City %</u>	<u>MDOT %</u>	<u>Total</u>
M-13 (Washington Ave.) @ M-46 (Rust Ave.)	0	100	\$1,600
M-13 (Washington Ave.) @ 250' N. of M-46 (Rust Ave.)	0	0	\$0
M-46 (Rust Ave.) @ 350' E. of M-13 (Washington Ave.)	0	0	\$0
M-46 (Holland Ave.) @ Cumberland	50	50	\$624

The traffic signal equipment at M-13 and M-46 was replaced by MDOT earlier this summer. The City will pay its ACT 51 share of the cost to install this new equipment. The City's estimated share of the costs is \$16,000. As part of the newly installed signal and realignment of the intersection at M-13 and M-46, the signals at M-13, 250 feet north of M-46 and M-46 at 350 feet east of M-13 were removed and no longer require maintenance. The traffic signal equipment at M-46 and Cumberland was modernized in 1999. The City

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and MDOT estimate future yearly maintenance costs to be \$2,224.00, which will be shared according to the percentages as shown above. Therefore, the City's portion of the yearly maintenance cost will be \$312.00.

Funds for these Agreements are available in the Major Streets Fund Traffic Engineering Account No. 202-4621-791-8005.

Council Action:

Council _____ moved that the recommendation of the City Manager be approved.

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From: The City Manager

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Subject: Miscellaneous Lawn Equipment Supplies Purchase Order

Manager's Recommendation:

I recommend that an annual purchase order in the amount of \$8,500.00 be issued to Bader Brothers, Inc., Saginaw, MI for the miscellaneous purchase of lawn equipment supplies.

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

Funds are available in the General Fund Grounds & Facilities Maintenance Account No. 101-7575-821-7330.

Justification:

The heavy early spring rainfall caused increased growth of grass and weeds, which increased cutting demands of the aging John Deere riding mowers, resulting in frequent breakdowns and replacement of major and more expensive parts. A reliable source of repair parts and supplies will be needed to keep the mowers operational. A single source quote was obtained because Bader Bros. is the only authorized dealer in the area.

Council Action:

Council _____ moved that the recommendation of the City Manager be approved.

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From: The City Manager

Subject: Apparatus Repairs/Front Line Services

Manager's Recommendation:

I recommend that the purchase order issued to Front Line Services for the fire department apparatus repairs for FY2007 be increased in the amount of \$9,313.10 for a purchase order total of \$99,313.10.

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 budgeted and available in the Fire Apparatus Motor Vehicle Repairs Account No. 101-3754-751.80-42.

Justification:

Council approved a purchase order for \$90,000 to this vendor at the beginning of the fiscal year for apparatus repairs. Due to extensive repairs and preventative maintenance, these funds have been used. Also, during the month of June 2007, pump testing is done which is a normal maintenance procedure. An increase is needed to cover costs for the remainder of this fiscal budget year which have already been completed to maintain our fire apparatus in a state of readiness.

Council Action:

Council _____ moved that the recommendation of the City Manager be approved.

COUNCIL COMMUNICATION

From: The City Manager

Subject: Adoption of Resolution to Authorize City to Issue Water and Sewer Bonds

Manager's Recommendation:

I recommend adoption of the attached Resolution authorizing the issuance of tax-exempt bonds for capital improvements at the City's wastewater treatment plant.

Justification:

A resolution is listed under the regular order of business that authorizes the issuance of tax-exempt bonds to finance capital improvements at the City's wastewater treatment plant. The costs of the improvements, and repayments of the bonds will be paid through sewage service charges.

Council Action:

This Council Communication is for explanation purposes only of the Resolution to be adopted.

Manager's Recommendation: Approval of the resolution as follows:

**AUTHORIZING ISSUANCE OF GENERAL OBLIGATION LIMITED TAX BONDS,
SERIES 2007**

WHEREAS, the City Council of the City of Saginaw (the "City") has determined to undertake capital improvements to the City's wastewater treatment plant consisting of new and renovated primary treatment tanks and related improvements (the "Project"); and

WHEREAS, the City is authorized to issue bonds under Section 517 of Act 34, Public Acts of Michigan, 2001, as amended ("Act 34"), and use the proceeds of the sale of such bonds to pay all or part of the cost of capital improvement items such as the Project; and

WHEREAS, the City has determined that it is in the best interest of the City to issue bonds under Section 517 of Act 34 for the purpose of paying all or part of the cost of the Project and to sell the bonds in a private negotiated sale to the Michigan Municipal Bond Authority (the "MMBA") as authorized by Act 227, Public Acts of Michigan, 1985, as amended ("Act 227"), in order to enable the MMBA to provide assistance with respect to the Project from the proceeds of the State Water Pollution Control Revolving Fund.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SAGINAW, MICHIGAN, as follows:

1. **AUTHORIZATION OF BONDS - PURPOSE.** Bonds of the City aggregating the principal sum of not to exceed Five Million Ten Thousand Dollars (\$5,010,000) shall be issued and sold for the purpose of defraying all or part of the cost of the Project.

2. **BOND DETAILS.** The bonds shall be designated "General Obligation Limited Tax Bonds, Series 2007"; shall be dated as of such date as approved by the Mayor at the time of sale; shall be numbered from 1 upwards; shall be fully registered; shall be in the denomination of \$5,000 each or any integral multiple thereof not exceeding the aggregate principal amount for each maturity at the option of the purchaser thereof (provided, however, that so long as the bonds are registered in the name of the MMBA, the bonds may be in the form of a single bond in the denomination

of \$5,010,000, or such lower amount as shall be approved by the Mayor at the time of sale, with an exhibit attached thereto which identifies the annual maturities for the bonds, and the references herein to “bonds” shall mean that single bond registered in the name of the MMBA); shall bear interest at a rate that shall not exceed 4% per annum from the date of delivery of the various principal installments as hereinafter described, payable on such dates as shall be determined by the Mayor at the time of sale; and shall mature on such dates and in such years as shall be determined by the Mayor at the time of sale.

The bonds are expected to be delivered to the MMBA as the initial purchaser thereof in installments (the “Installments”) equal to the amounts advanced from time to time by the MMBA to the City pursuant to the Purchase Contract and the Supplemental Agreement (each as hereinafter defined).

3. PAYMENT OF PRINCIPAL AND INTEREST. The principal of and interest on the bonds shall be payable in lawful money of the United States. So long as the bonds are registered in the name of the MMBA, the bonds are payable as to principal, redemption premium, if any, and interest at The Bank of New York Trust Company, N. A., Detroit, Michigan, or at such other place as shall be designated in writing to the City by the MMBA (the “MMBA’s Depository”). So long as the MMBA is the owner of the bonds, the City agrees that it will deposit with the MMBA’s Depository payments of the principal of, premium, if any, and interest on the bonds in immediately available funds at least five business days prior to the date on which any such payment is due, whether by maturity, redemption or otherwise. If the bonds are not registered in the name of the MMBA, the principal of and premium, if any, on the bonds are payable upon surrender thereof at the office of the bond registrar and paying agent and the interest is payable by check or draft mailed by the bond registrar and paying agent to the registered owner of the bonds at the address appearing on the registration books of the City kept by the bond registrar and paying agent as of the 15th day of the month preceding the month in which an interest payment is due.

4. PRIOR REDEMPTION. The bonds shall be subject to redemption prior to maturity only with the prior written consent of the MMBA and on such terms and conditions as may be required by the MMBA.

5. BOND REGISTRAR AND PAYING AGENT. Until a successor is appointed by the City Council, the City Treasurer shall act as bond registrar and paying agent for the bonds.

6. EXECUTION, AUTHENTICATION AND DELIVERY OF BONDS. The bonds shall be executed in the name of the City by the manual or facsimile signatures of the Mayor and the City Clerk and authenticated by the manual signature of an authorized representative of the bond registrar and paying agent, and the seal of the City (or a facsimile thereof) shall be impressed or imprinted on the bonds. After the bonds have been executed and authenticated for delivery to the original purchaser thereof, they shall be delivered by the City Treasurer to the purchaser upon receipt of the purchase price. Additional bonds bearing the facsimile signatures of the Mayor and the City Clerk and upon which the seal of the City (or a facsimile thereof) is impressed or imprinted may be delivered to the bond registrar and paying agent for authentication and delivery in connection with the exchange or transfer of bonds. The bond registrar and paying agent shall indicate on each bond the date of its authentication.

7. EXCHANGE AND TRANSFER OF BONDS. Any bond, upon surrender thereof to the bond registrar and paying agent with a written instrument of transfer satisfactory to the bond registrar and paying agent duly executed by the registered owner or his duly authorized attorney, at the option of the registered owner thereof, may be exchanged for bonds of any other authorized denominations of the same aggregate principal amount and maturity date and bearing the same rate of interest as the surrendered bond.

Each bond shall be transferable only upon the books of the City, which shall be kept for that purpose by the bond registrar and paying agent, upon surrender of such bond together with a written instrument of transfer satisfactory to the bond registrar and paying agent duly executed by the registered owner or his duly authorized attorney.

Upon the exchange or transfer of any bond, the bond registrar and paying agent on behalf of the City shall cancel the surrendered bond and shall authenticate and deliver to the transferee a new bond or bonds of any authorized denomination of the same aggregate principal amount and maturity date and bearing the same rate of interest as the surrendered bond. If, at the time the bond registrar and paying agent

authenticates and delivers a new bond pursuant to this section, payment of interest on the bonds is in default, the bond registrar and paying agent shall endorse upon the new bond the following: "Payment of interest on this bond is in default. The last date to which interest has been paid is _____."

The City and the bond registrar and paying agent may deem and treat the person in whose name any bond shall be registered upon the books of the City as the absolute owner of such bond, whether such bond shall be overdue or not, for the purpose of receiving payment of the principal of and interest on such bond and for all other purposes, and all payments made to any such registered owner, or upon his order, in accordance with the provisions of Section 3 of this Bond Resolution shall be valid and effectual to satisfy and discharge the liability upon such bond to the extent of the sum or sums so paid, and neither the City nor the bond registrar and paying agent shall be affected by any notice to the contrary. The City agrees to indemnify and save the bond registrar and paying agent harmless from and against any and all loss, cost, charge, expense, judgment or liability incurred by it, acting in good faith and without negligence hereunder, in so treating such registered owner.

For every exchange or transfer of bonds, the City or the bond registrar and paying agent may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer.

The bond registrar and paying agent shall not be required to transfer or exchange bonds or portions of bonds which have been selected for redemption.

8. FORM OF BONDS. The bonds shall be in substantially the following form:

UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF SAGINAW
CITY OF SAGINAW
GENERAL OBLIGATION LIMITED TAX BOND
SERIES 2007

INTEREST RATE MATURITY DATE DATE OF ORIGINAL ISSUE

See Exhibit A

Registered Owner:

Principal Amount:

The City of Saginaw, County of Saginaw, State of Michigan (the "City"), acknowledges itself indebted to, and for value received, hereby promises to pay to the Registered Owner identified above, or registered assigns, the Principal Amount set forth above or so much thereof as shall have been advanced to the City pursuant to a Purchase Contract between the City and the Michigan Municipal Bond Authority (the "MMBA") and a Supplemental Agreement by and among the City, the MMBA and the State of Michigan acting through the Department of Environmental Quality on the maturity dates and in the amounts set forth on Exhibit A attached hereto unless redeemed prior thereto as hereinafter provided, the final payment to be made upon presentation and surrender of this bond at the office of the City Treasurer, Saginaw, Michigan, the bond registrar and paying agent, or at such successor bond registrar and paying agent as may be designated pursuant to the Resolution identified below, and to pay to the Registered Owner at the close of business on the 15th day of the calendar month preceding the month in which an interest payment is due, by check or draft drawn upon and mailed by the bond registrar and paying agent by first class mail postage prepaid to the Registered Owner at the registered address, interest on such Principal Amount, to the extent advanced to the City pursuant to the Purchase Contract and the Supplemental Agreement until the City's obligation with respect to the payment of such Principal Amount is discharged, at the rate per annum specified above. Interest is payable on the first days of April and October in each year, commencing on _____. Principal and interest are payable in lawful money of the United States of America.

In the event of a default in the payment of principal or interest hereon when due, whether at maturity, by redemption or otherwise, the amount of such default shall bear interest (the "additional interest") at a rate equal to the rate of interest which is two percent above the MMBA's cost of providing funds (as determined by the MMBA) to make payment on the bonds of the MMBA issued to provide funds to purchase this bond but in no event in excess of the maximum rate of interest permitted by law. The

additional interest shall continue to accrue until the MMBA has been fully reimbursed for all costs incurred by the MMBA (as determined by the MMBA) as a consequence of the City's default. Such additional interest shall be payable on the interest payment date following demand of the MMBA. In the event that (for reasons other than the default in the payment of any municipal obligation purchased by the MMBA) the investment of amounts in the reserve account established by the MMBA for the bonds of the MMBA issued to provide funds to purchase this bond fails to provide sufficient available funds (together with any other funds which may be made available for such purpose) to pay the interest on outstanding bonds of the MMBA issued to fund such account, the City shall and hereby agrees to pay on demand only the City's pro rata share (as determined by the MMBA) of such deficiency as additional interest on this bond.

During the time funds are being drawn down by the City under this bond, the MMBA periodically will provide the City a statement showing the amount of principal that has been advanced and the date of each advance, which statement shall constitute prima facie evidence of the reported information; provided that no failure on the part of the MMBA to provide such a statement or to reflect a disbursement or the correct amount of a disbursement shall relieve the City of its obligation to repay the outstanding principal amount actually advanced, all accrued interest thereon, and any other amount payable with respect thereto in accordance with the terms of this bond.

This bond is one of a series of bonds aggregating the principal sum of _____ Dollars (\$_____) issued by the City under and pursuant to and in full conformity with the Constitution and Statutes of Michigan (especially Act 34, Public Acts of 2001, as amended), the Charter of the City and a bond authorizing resolution adopted by the City Council of the City (the "Resolution") to defray all or part of the costs of making capital improvements to the City's wastewater treatment plant consisting of raw sewage pumping station improvements and related improvements. The full faith and credit of the City have been pledged to the prompt payment of the principal of and interest on this bond. The principal of and interest on the bonds of this series are payable as a first budget obligation of the City from its general funds. The ability of the City to raise such funds is subject to applicable constitutional, statutory and charter limitations on the taxing power of the City.

This bond is transferable, as provided in the Resolution, only upon the books of the City kept for that purpose by the bond registrar and paying agent, upon the surrender of this bond together with a written instrument of transfer satisfactory to the bond registrar and paying agent duly executed by the Registered Owner or his attorney duly authorized in writing. Upon the exchange or transfer of this bond a new bond or bonds of any authorized denomination, in the same aggregate principal amount and of the same interest rate and maturity, shall be authenticated and delivered to the transferee in exchange therefor as provided in the Resolution, and upon payment of the charges, if any, therein provided. Bonds so authenticated and delivered shall be in the denomination of \$5,000 or any integral multiple thereof not exceeding the aggregate principal amount for each maturity.

The bond registrar and paying agent shall not be required to transfer or exchange bonds or portions of bonds which have been selected for redemption.

This bond is subject to redemption prior to maturity at the option of the City only with the prior written consent of the MMBA and upon such terms as may be required by the MMBA. That portion of this bond called for redemption shall not bear interest after the date fixed for redemption, provided funds are on hand with the bond registrar and paying agent to redeem the same.

Notwithstanding any other provision of this bond, so long as the MMBA is the owner of this bond, (a) this bond is payable as to principal, premium, if any, and interest at The Bank of New York Trust Company, N. A., Detroit, Michigan or at such other place as shall be designated in writing to the City by the MMBA (the "MMBA's Depository"); (b) the City agrees that it will deposit with the MMBA's Depository payments of the principal of, premium, if any, and interest on this bond in immediately available funds by 12:00 noon at least five business days prior to the date on which any such payment is due whether by maturity, redemption or otherwise; in the event that the MMBA's Depository has not received the City's deposit by 12:00 noon on the scheduled day, the City shall immediately pay to the MMBA as invoiced by the MMBA an amount to recover the MMBA's administrative costs and lost investment earnings attributable to that late payment; and (c) written notice of any redemption of this bond shall be given by the City and received by the MMBA's Depository at least 40 days prior to the date on which redemption is to be made.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of the bonds of this series, existed, have happened and have been performed in due time, form and manner as required by law, and that the total indebtedness of the City, including the series of bonds of which this bond is one, does not exceed any constitutional, statutory or charter limitation.

IN WITNESS WHEREOF, the City of Saginaw, Saginaw County, Michigan, by its City Council, has caused this bond to be executed in its name by the manual or facsimile signatures of the Mayor and the City Clerk and its corporate seal (or a facsimile thereof) to be impressed or imprinted hereon. This bond shall not be valid unless the Certificate of Authentication has been manually executed by an authorized representative of the bond registrar and paying agent.

CITY OF SAGINAW

(SEAL)

By: _____
City Clerk

By: _____
Mayor

CERTIFICATE OF AUTHENTICATION

This bond is one of the bonds described in the within mentioned Resolution.

Treasurer, City of Saginaw
Bond Registrar and Paying Agent

AUTHENTICATION DATE:

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto

(please print or type name, address and taxpayer identification number of transferee)
the within bond and all rights thereunder and does hereby irrevocably constitute and
appoint _____

_____ attorney to transfer the within bond on the books kept for registration thereof, with full
power of substitution in the premises.

Dated: _____

Signature Guaranteed

Signature(s) must be guaranteed by an eligible guarantor institution participating
in a Securities Transfer Association recognized signature guarantee program.

EXHIBIT A

Based on the schedule provided below unless revised as provided in this paragraph, repayment of principal of the bond to which this Exhibit A is attached (the "Bond") shall be made until the full amount advanced to the City is repaid. In the event the Order of Approval issued by the Department of Environmental Quality (the "Order") approves a principal amount of assistance less than the amount of the Bond delivered to the Authority, the Authority shall only disburse principal up to the amount stated in the Order. In the event (1) that the payment schedule approved by the City and described below provides for payment of a total principal amount greater than the amount of assistance approved by the Order or (2) that less than the principal amount of assistance approved by the Order is disbursed to the City by the Authority, the Authority shall prepare a new payment schedule which shall be effective upon receipt by the City.

The principal amounts and maturity dates applicable to the bond to which this Exhibit A is attached are as follows:

MATURITY
DATE

PRINCIPAL
MATURITY

END OF BOND FORM

9. SECURITY. The bonds shall be limited tax general obligations of the City. The full faith and credit of the City are pledged for the prompt payment of the principal of and interest on the bonds as the same shall become due. Each year the City shall include in its budget as a first budget obligation an amount sufficient to pay such principal and interest as the same shall become due. The ability of the City to raise funds to pay such amounts is subject to applicable constitutional, statutory and charter limitations on the taxing power of the City.

10. DEFEASANCE. In the event cash or direct obligations of the United States or obligations the principal of and interest on which are guaranteed by the United States, or a combination thereof, the principal of and interest on which, without reinvestment, come due at times and in amounts sufficient to pay, at maturity or irrevocable call for earlier optional redemption, the principal of, premium, if any, and interest on the bonds, or any portion thereof, shall have been deposited in trust, this Bond Resolution shall be defeased with respect to such bonds, and the owners of the bonds shall have no further rights under this Bond Resolution except to receive payment of the principal of, premium, if any, and interest on such bonds from the cash or securities deposited in trust and the interest and gains thereon and to transfer and exchange bonds as provided herein.

11. PRINCIPAL AND INTEREST FUND. There shall be established for the bonds a Principal and Interest Fund which shall be kept in a separate bank account. From the proceeds of the sale of the bonds there shall be set aside in the Principal and Interest Fund any premium and accrued interest received from the purchaser of the bonds at the time of delivery of the same. All payments made by the City pursuant to Section 9 of this Bond Resolution are pledged for payment of the principal of and interest on the bonds and as made shall be placed in the Principal and Interest Fund.

12. CONSTRUCTION FUND. The remainder of the proceeds of the sale of the bonds shall be set aside in a construction fund for the Project and used to acquire and construct the Project.

13. ESTIMATES OF PERIOD OF USEFULNESS AND COST. The estimates of \$5,452,375 as the cost of the Project and of 20 years and upwards as the period of usefulness thereof, as submitted to this City Council, are approved and adopted.

14. APPROVAL OF MICHIGAN DEPARTMENT OF TREASURY. The issuance and sale of the bonds is subject to approval being granted therefor by the Department of Treasury of the State of Michigan in accordance with Act 34, and, if necessary, the City Manager or City Clerk is authorized and directed to file an application with the Department of Treasury for permission to issue and sell the bonds as provided in Act 34.

15. SALE, ISSUANCE, DELIVERY, TRANSFER AND EXCHANGE OF BONDS.

The bonds shall be sold at a private, negotiated sale to the MMBA, as authorized by Act 227. The sale shall be made pursuant to the terms and conditions to be set forth in a Purchase Contract (the "Purchase Contract") and a Supplemental Agreement (the "Supplemental Agreement") and the Mayor and/or the City Clerk are each authorized to execute and deliver the Purchase Contract and the Supplemental Agreement in such form as shall be approved by the Mayor at the time of sale. In addition, the Mayor, the City Clerk and the City Treasurer and other City employees and officials are authorized to execute and deliver to the MMBA an Issuer's Certificate and such other certificates or documents as the MMBA or bond counsel shall require and to do all other things necessary to effectuate the sale, issuance, delivery, transfer and exchange of the bonds in accordance with the provisions of this Bond Resolution.

16. REPLACEMENT OF BONDS. Upon receipt by the City Clerk of proof of ownership of an unmatured bond, of satisfactory evidence that the bond has been lost, apparently destroyed or wrongfully taken and of security or indemnity which complies with applicable law and is satisfactory to the City Clerk, the City Clerk may authorize the bond registrar and paying agent to deliver a new executed bond to replace the bond lost, apparently destroyed or wrongfully taken in compliance with applicable law. In the event an outstanding matured bond is lost, apparently destroyed or wrongfully taken, the City Clerk may authorize the bond registrar and paying agent to pay the bond without presentation upon the receipt of the same documentation required for the

delivery of a replacement bond. The bond registrar and paying agent, for each new bond delivered or paid without presentation as provided above, shall require the payment of expenses, including counsel fees, which may be incurred by the bond registrar and paying agent and the City in the premises. Any bond delivered pursuant the provisions of this Section 16 in lieu of any bond lost, apparently destroyed or wrongfully taken shall be of the same form and tenor and be secured in the same manner as the bond in substitution for which such bond was delivered.

17. TAX COVENANT. The City covenants to comply with all requirements of the Internal Revenue Code of 1986, as amended, necessary to assure that the interest on the bonds will be and will remain excludable from gross income for federal income tax purposes. The Mayor, the City Clerk, the City Treasurer and other appropriate City officials are authorized to do all things necessary to assure that the interest on the bonds will be and will remain excludable from gross income for federal income tax purposes.

18. CONFLICTING RESOLUTIONS. All resolutions and parts of resolutions insofar as they may be in conflict herewith are hereby rescinded.

COUNCIL COMMUNICATION

Manager's Recommendation: Approval of the resolution as follows:

A RESOLUTION TO TENTATIVELY AWARD A CONSTRUCTION CONTRACT FOR WASTEWATER SYSTEM IMPROVEMENTS

Council _____ offered and moved adoption of the following resolution:

WHEREAS, the City of Saginaw wishes to construct improvements to its existing wastewater treatment and collection system; and

WHEREAS, the wastewater system improvements project formally adopted on December 6, 2004 will be funded through Michigan's State Revolving Fund (SRF) Program; and

WHEREAS, the City of Saginaw has sought and received construction bids for the proposed improvements and has received a low bid in the amount of \$4,825,000.00 from Gerace Construction Company; and

WHEREAS, the project engineer, Hubbell, Roth & Clark, Inc., has recommended awarding the contract to the low bidder.

NOW, THEREFORE, BE IT RESOLVED, that the City of Saginaw tentatively awards the contract for construction of the proposed wastewater system improvements project to Gerace Construction Company, contingent upon successful financial arrangements with the State Revolving Fund Program.

COUNCIL COMMUNICATION

From: The City Manager

Subject: Saginaw News Freedom of Information Act Appeal

Manager's Recommendation:

I recommend that the City Council issue a notice of a ten-day extension to respond to The Saginaw News Freedom of Information Act ("FOIA") appeal due to extenuating circumstances.

Justification:

On May 18, 2007, the City Attorney's Office received a Freedom of Information Act (FOIA) request from Joe Snapper requesting: "A memo of 16 or so pages from the city to Councilman Larry Coulouris dated on or about May 4 and dealing with the issue of rubbish service." On May 29, 2007, a denial letter was sent to Mr. Snapper stating his request was denied pursuant to MCL 15.243(1)(m). On July 24, 2007, the City received an appeal from Mr. Snapper. He states in his letter that his appeal should be granted because the public has a compelling interest in its public services including the issue of rubbish removal.

Due to the complex nature of the relevant exemption, the matter has been referred to outside counsel to research the issue and provide an independent opinion. Originally, the City Attorney's Office handled the matter. The decision could set a precedent as to whether or not internal staff memos that contain candid remarks by staff members are exempt from disclosure. Due to these extenuating circumstances, it is recommended that Council issue a notice of a ten-day business extension to respond in order to allow outside counsel sufficient time to research the issue before it is included on the August 13, 2007 agenda.

Council Action:

Council _____ moved that the recommendation of the City Manager be approved.

COUNCIL COMMUNICATION

From: The City Manager

Subject: Recreation Budget Adjustment

Manager's Recommendation:

It is recommended that the 2007/2008 Approved Budget for the following activity be amended:

The General Fund's 2008 Recreational budget of \$25,000.00 will increase by \$5,000.00, resulting in an increase of budgeted expenditures from \$25,000.00 to \$30,000.00. This increase will be offset by a decrease in available fund balance of \$2,000.00 as well as a transfer from the City/County/School Liaison budget of \$3,000.00.

Justification:

The City received a donation of \$2,000.00 from Hero's for Kids during FY 2007 that is to be applied towards the recreation program for the sole purpose of field trips. In addition, the City/County/School Liaison Board, at their June 28, 2007 board meeting, approved a \$3,000.00 transfer to the City of Saginaw's Recreational Program.

Council Action:

Council _____ moved that the recommendation of the City Manager be approved.