



Agenda

Regular Meeting of the City Commission

City of Kalamazoo

Tuesday, January 22, 2013

7:00 p.m.

City Commission Chambers – 241 West South Street

A. CALL TO ORDER/ROLL CALL

B. OPENING CEREMONY

1. Invocation: **Pastor Debbie Eisenbise, Skyridge Church of the Bretheren**
2. Pledge of Allegiance
3. Introduction of Guests
 - a. Presentation of the Dr. Lewis Walker, Fifth Third Bank Life EMS, and Schupan & Sons Social Justice Youth Awards
 - b. Recognition of Metro Transit Bus Drivers Debby Kerr and Donna Wright
4. Proclamations

C. ADOPTION OF FORMAL AGENDA

D. COMMUNICATIONS

1. The public is invited to attend the following meetings of boards and commissions:
 - a. The **Kalamazoo Transit Authority Board** will meet on Friday, January 25, 2013 at 8:15 a.m., in the Metro Transit Conference Room, located at 530 N. Rose St.
 - b. The **Downtown Development Authority** will meet on Monday, January 28, 2013 at 3:00 p.m., in the Community Room at City Hall.
2. The City is accepting applications for appointment to various city Commission advisory boards and commissions. Interested citizens are encouraged to contact the City Clerk's Office at 337-8792 to request an application form or to obtain additional information on board vacancies.

E. PUBLIC HEARINGS

1. Receive public comments regarding a recommendation to adopt an **ORDINANCE** to rezone 1718 S. Park Street from Zone RS-5 (Residential, Single-Dwelling District) to Zone CO (Commercial, Office District). **(Action: Motion to adopt the ordinance)**

2. Receive public comments regarding a recommendation to adopt a RESOLUTION to approve an application from Graphic Packaging International, Inc. for a PA 198 Industrial Facilities (Tax) Exemption Certificate (IFEC) for three years for personal property valued at \$15,700,000 in existing Industrial Development District No. 1 and Plant Rehabilitation District No. 3 located at 1500 North Pitcher Street. **(Action: Motion to adopt the resolution)**

**F. CONSENT AGENDA
(Action: Motion to approve items "1-6")**

1. Consideration of a recommendation to approve a contract in the amount of \$159,593 with Insituform Tech USA, for the installation of sanitary sewer liners in various locations within the City.
2. Consideration of a recommendation to adopt a Notice of Intent RESOLUTION for the issuance of General Obligation Limited Tax Bonds in an amount not to exceed \$4.2 million for the purpose of financing FY2013 capital projects.
3. Consideration of a recommendation to adopt the Kalamazoo County Hazard Mitigation Plan in accordance with the requirements of the Federal Emergency Management Agency, the Michigan State Police, and the Federal Mitigation Assistance Program.
4. Consideration of a recommendation to approve a revised Wellhead Protection Grant Assistance Contract from the Michigan Department of Environmental Quality (MDEQ) to receive \$44,400 for designated wellhead protection projects for the period October 1, 2012 through September 30, 2013.
5. Consideration of a recommendation to accept the grants, totaling \$10,000, from the Michigan Preservation Services Fund and the Kohler Fund of the National Trust for Historic Preservation and a grant from the Stucki Family Foundation in Kalamazoo for a fundraising feasibility study for the Fountain of the Pioneers repair project.
6. Consideration of a recommendation to approve following appointments to advisory boards and commissions:
 - a. the appointment of **Kris Mbah** to the Community Development Act Advisory Committee as an at-large member for a partial term expiring on March 31, 2013.
 - b. the appointment of **Andre Campbell** to the Parks and Recreation Advisory Board as a youth representative for a term expiring on January 1, 2016.

G. REGULAR AGENDA

1. Consideration of a recommendation to adopt a RESOLUTION issuing a moratorium on internally illuminated, off-premises signs greater than 200 square feet for a duration of six months.

H. REPORTS AND LEGISLATION

1. City Manager's Report
2. Countywide Public Transportation System Report
 - a. Joint Recommendation for Achieving the Goal of an Integrated, Countywide Transportation System

I. UNFINISHED BUSINESS**J. POLICY ITEMS**

1. City Manager Search Update
 - a. Approval of Topics for Search Firm Interview Questions
 - b. Approval of Search Firm Interview Format

K. NEW BUSINESS**L. CITIZEN COMMENTS****M. MISCELLANEOUS COMMENTS AND CONCERNS BY COMMISSIONERS****N. CLOSED SESSION**

1. Consideration of a recommendation to go into closed session to discuss pending litigation.

O. ADJOURNMENT

ADDITIONAL INFORMATION

Questions regarding agenda items may be answered prior to the meeting by contacting the City Manager's Office at 269.337.8047.

Persons with disabilities who need accommodations to effectively participate in City Commission meetings should contact the City Clerk's Office at 337-8792 a week in advance to request mobility, visual, hearing or other assistance.

Agendas for the regular meetings of the Kalamazoo City Commission are available on the Internet at: **www.kalamazoocity.org**

The Kalamazoo City Commission meetings are held the first, third Mondays at 7:00 p.m. and are shown live on the Public Media Network on Channel 98. The meetings are rebroadcast on Tuesday at 1:00 a.m. and 2:00 p.m., Saturday at 11:00 a.m. and Sunday at 8:00 p.m. on Channel 98.

GUIDELINES FOR PUBLIC PARTICIPATION AT CITY COMMISSION MEETINGS

Welcome to the Kalamazoo City Commission meeting, and thank you for your participation in Kalamazoo local government. The City Commission recognizes that citizens who make the effort to attend a Commission meeting often feel passionately about an issue. The following guidelines are not meant to discourage individual expression; rather, they exist to facilitate the orderly conduct of business and to ensure that all citizens who wish to address the City Commission are able to do so in an atmosphere of civility and respect, without fear or intimidation.

1. Out of respect for business being conducted during the meeting, please turn off all cell phones and pagers prior to the start of the meeting.
2. In an effort to maintain order and to allow a respectful discussion, please do not make comments from the audience area. Audience members should also refrain from applause or other audible noise at times not formally recognized as appropriate by the meeting chair.
3. Citizens have opportunities to address the Commission at the following times during a meeting:
 - a. Consideration of Regular Agenda items. Citizens are permitted to speak to the Commission on Regular Agenda and Unfinished Business prior to the City Commission voting, except those votes setting a public hearing. (Note: The Consent Agenda is a list of items proposed for City Commission approval to be voted upon all at one time. This is a time-saving procedure as most Consent Agenda items are housekeeping measures. A citizen may request an item be removed from the Consent Agenda for individual consideration or discussion.) Comments must be germane to the specific item under consideration.
 - b. The Citizen Comment period near the end of the meeting is for comment on Agenda or Non-Agenda items.

4. To address the City Commission, please sign in at the podium near the Clerk's station and then proceed to the podium directly in front of the dais when invited by the meeting chair. Before beginning your comments, please clearly state your name for the record and whether you reside within the city limits. Comments are limited to four minutes.
5. Citizen comment periods are a time for citizens to make comments; they are not intended as a forum for debate or to engage in question-answer dialogues with the Commission or staff. Commissioners are encouraged not to directly respond to speakers during citizen comment periods. At the conclusion of a speaker's remarks, the Mayor or individual Commissioners may refer a question to City staff, if appropriate. Also, individual Commissioners may choose to respond to speakers during "Miscellaneous Comments and Concerns of Commissioners."
6. Signs, placards and banners are permitted in Chambers during open meetings but only along the perimeter of the room (side and back walls) and only if they do not obstruct the vision of others.

If you have any questions, please feel free to contact the City Clerk's Office at 269.337.8792



Commission Agenda Report

City of Kalamazoo

Date: **01/22/13**

Item **E1**

TO: Mayor Hopewell, Vice Mayor McKinney, and City Commissioners

FROM: Kenneth P. Collard, City Manager, ICMA-CM, P.E.
Reviewed By: Jeff Chamberlain, CP&D Director
Prepared By: Rob Bauckham, Assistant City Planner

DATE: January 16, 2013

SUBJECT: Rezoning request for 1718 S. Park Street

RECOMMENDATION

It is recommended that the City Commission adopt an ordinance to rezone 1718 S. Park Street from Zone RS-5 (Residential, Single-Dwelling District) to Zone CO (Commercial, Office District).

BACKGROUND

This rezoning request is from the Rx Optical Company. The company would like to construct an approximately 5,000-square-foot addition onto the east side of its headquarters building, which is located at 1725 S. Park Street. The addition would extend onto the subject property. The rezoning is needed to allow the addition to be built, since the subject property is in a residential zone. Office uses are not permitted in the residential zones. The subject property contains a two-story, single-family home that was constructed in 1921, and it includes a detached garage. The property owner is Matthew Fletcher, who is affiliated with Rx Optical. The house is currently occupied.

If the rezoning is approved, the house and garage on the subject property would either be removed or relocated to a different site. The city Historic Preservation Coordinator is evaluating the house to see if it could feasibly be relocated, and if it has any historic significance. The current driveway access to the subject property from old S. Park Street would be closed off for this building addition project. No vehicular traffic would be allowed from the subject property or from the current Rx Optical property onto old S. Park Street. The construction work would likely not take place until 2014, but the applicant would like to have the new zoning in place before that time. It is anticipated that between 8 and 15 new employees would be hired by Rx Optical to occupy the expanded building. The applicant has contacted the adjacent neighbors regarding the rezoning request for the subject property and planned building expansion, and reportedly did not receive any objections from them.

A preliminary site plan for the building addition is attached. It identifies the proposed footprint of the building addition. Twelve new parking spaces are also shown to the south of the addition, on the adjacent site to the south. This adjacent property is also owned by the applicant and is already in the Commercial Office zoning district. If the rezoning of the subject property is approved, the applicant will need to provide a final site plan of the project for the review and approval of the Site Plan Review Committee. The plan will need to meet the regulations of the Zoning Ordinance, including proper screening for the adjacent home to the north.

The subject property is in the Core Residential 1 future land use category. It is bordered on two sides by property zoned Commercial Office and in the Neighborhood Commercial future land use category. Three existing office buildings are located immediately to the west of the subject property. The categories identified on the future land use map are typically “painted with a broad brush” and are not generally intended to be applied to individual parcels. The applicant owns the property to the south of the subject property, which is also in the Commercial Office district. They hope to develop it in the future with additional office-type facilities and uses. Given the adjacent office uses and zones, and the office development planned for the property to the south, the Planning staff believes this is an appropriate rezoning for the subject property.

COMMUNITY RESOURCES CONSULTED

Notices were mailed to all property owners and occupants located within a 300-foot radius of the subject property to inform them of the public hearing for the request scheduled before the Planning Commission, and to encourage their attendance at the meeting. A notice of the hearing was also published in the *Kalamazoo Gazette* prior to the meeting. The same notification process will be conducted for the public hearing to be held by the City Commission. Normally, notification of rezoning requests is also provided to the neighborhood association in which the property is located. In this case, the Southside Neighborhood, where the property is located, does not currently have a neighborhood association.

Planning Commission

At its regular meeting of December 6, 2012, the Planning Commission held a public hearing on the rezoning request. One resident commented that she was not opposed to the request, but wanted some conditions placed on it pertaining to design. It was indicated to her that design issues would be addressed during the site plan review process if the rezoning is approved. One other citizen asked for clarification of the proposed zone. There were no other comments. The Planning Commission voted unanimously to recommend to the City Commission to approve the rezoning request.

FISCAL IMPACT

The current rental house on the subject property generates approximately \$600 annually in tax revenue for the city. The proposed building addition has been estimated to be valued at \$1,250,000, which will generate approximately \$27,500 annually in tax revenue for the city.

ALTERNATIVES

The City Commission has the option of not approving the rezoning request. If the request is not approved, the building addition will not take place. There is no available space on the existing property for the addition to occur, and the applicant needs to expand its business. It is recommended that the City Commission approve the rezoning request.

ATTACHMENTS

Ordinance
Aerial photograph
Existing and proposed zoning maps
Existing land use map
Preliminary plan
Planning Commission meeting minutes (December 6, 2012)

CITY OF KALAMAZOO, MICHIGAN

ORDINANCE NO. _____

AN ORDINANCE TO AMEND SECTION 1.8.A. ZONE DISTRICT MAP OF THE ZONING ORDINANCE, BEING APPENDIX A OF THE KALAMAZOO CODE

THE CITY OF KALAMAZOO ORDAINS:

Section 1. Under Section 1.8.E. the Zone District Map described in Section 1.8.A. is amended as follows:

The land area hereinafter described to be rezoned from Zone RS-5 (Residential, Single-Dwelling District) to Zone CO (Commercial, Office District)

That area of land in Section 22 of the City of Kalamazoo, County of Kalamazoo, State of Michigan, commonly referred to as 1718 S. Park Street, more fully described as:

That part of the Northwest Quarter of Section 22, Township 2 South, Range 11 West, City of Kalamazoo, Kalamazoo County, Michigan, described as commencing at the Southwest corner of Park and Emerson Streets; thence South 0 degrees, 50 minutes, 0 seconds West on the West right-of-way line of said Park Street 181.50 feet to the point of beginning of the land herein described; thence continuing South 0 degrees, 50 minutes, 0 seconds West on said right-of-way line a distance of 74.25 feet; thence North 88 degrees, 32 minutes, 0 seconds West 33 feet; thence North 86 degrees, 47 minutes, 0 seconds West 40 feet; thence North 76 degrees, 47 minutes, 0 seconds West 32 feet; thence North 63 degrees, 12 minutes, 0 seconds West 30.83 feet; thence North 59 degrees, 34 minutes, 0 seconds West 0.07 feet (deeded 0.31 feet) to a point 132 feet West of said West right-of-way line; thence North 0 degrees, 50 minutes, 0 seconds East parallel with said West right-of-way line 53.28 feet to a point 181.50 feet South of the South right-of-way line of said Emerson Street; thence South 88 degrees, 32 minutes, 0 seconds East 132 feet to the point of beginning, containing approximately 0.21 of an acre

A map identifying the land area is attached.

Section 2. Repealer. All former ordinances or parts of ordinances conflicting or inconsistent with the provisions of this ordinance are hereby repealed.

Section 3. Severability. If any section, subsection, sentence, clause, phrase or portion of this ordinance is for any reason held invalid or unconstitutional by any Court of competent jurisdiction, said portion shall be deemed a separate, distinct and independent provision and such holding shall not affect the validity of the remaining portions of this Ordinance.

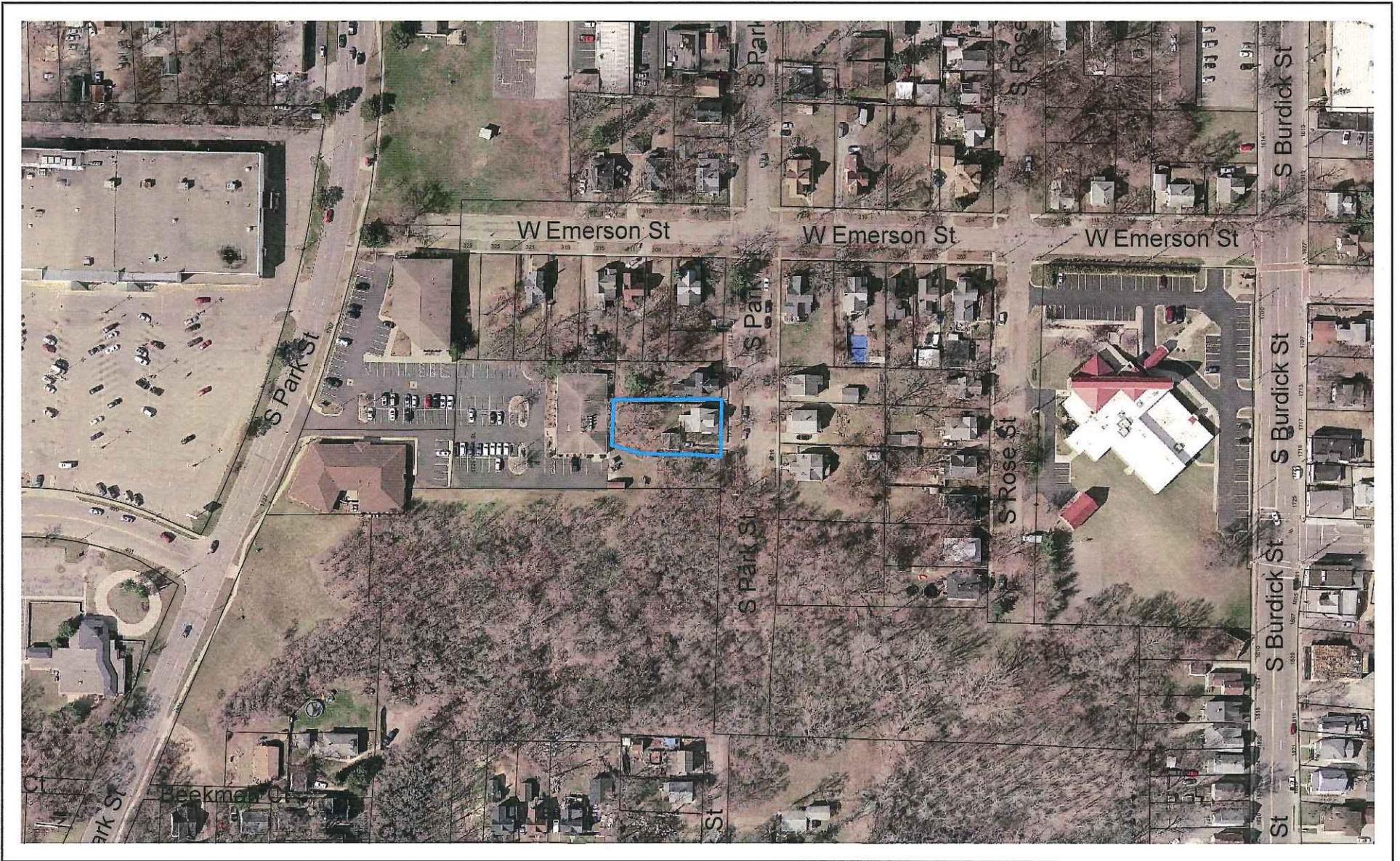
CERTIFICATE

The foregoing is a true and complete copy of an ordinance adopted by the City Commission of the City of Kalamazoo at a regular meeting held on _____, 2013, and that said meeting was conducted and public notice of said meeting was given pursuant to and in full compliance with the Open Meetings Act, being Act 267, Public Acts of Michigan, 1976, and that the minutes of said meeting were kept and will be or have been available as required by said Act, and furthermore, said ordinance was duly recorded, posted, and authenticated by the Mayor and City Clerk as provided by the Charter of said City.

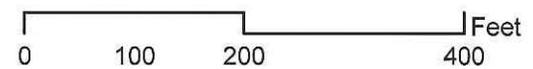
Bobby J. Hopewell, Mayor

Scott A. Borling, City
Clerk

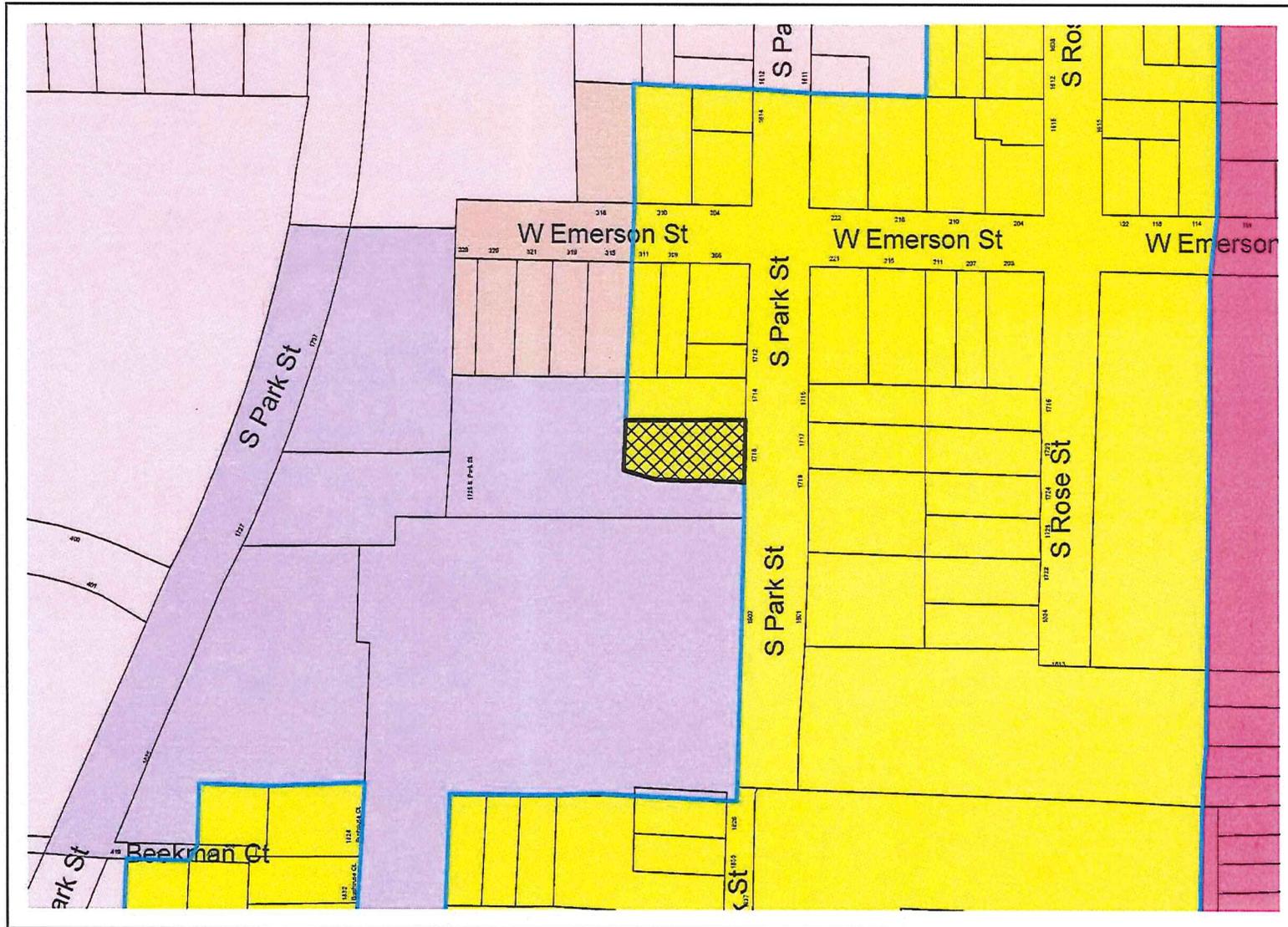
P.C. #2012.12: 1718 S. Park Street
Rezone from Zone RS-5 to Zone CO



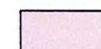
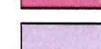
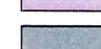
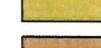
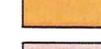
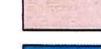
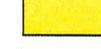
AREA PROPOSED FOR REZONING



P.C. #2012.12: 1718 S. Park Street Rezone from Zone RS-5 to Zone CO

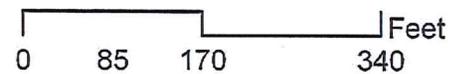


EXISTING ZONING

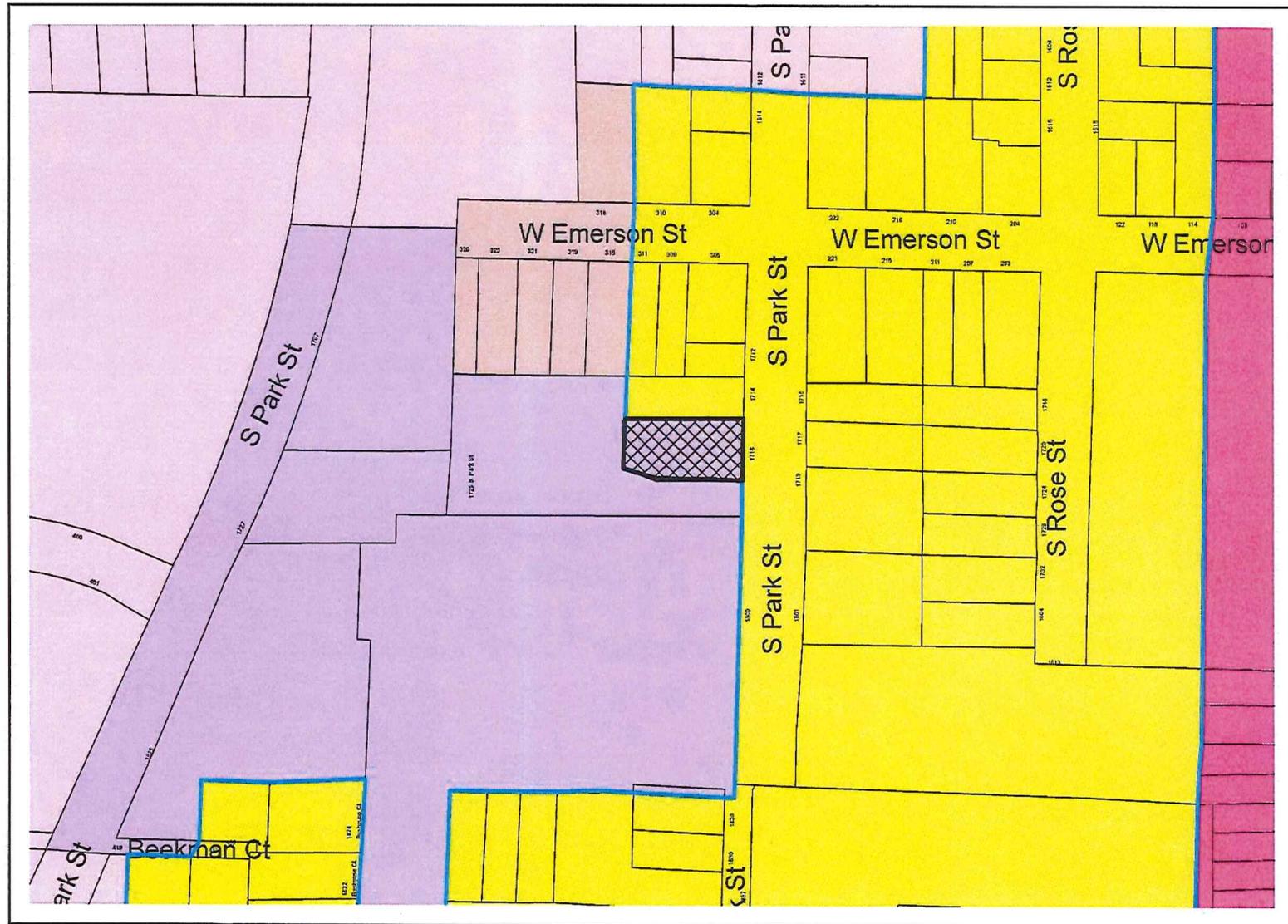
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-  CC
-  CCBD
-  CMU
-  CN-1
-  CO
-  M-1
-  M-2
-  PUD
-  RD-19
-  RM-15
-  RM-15C
-  RM-36
-  RMU
-  RS-5
-  RS-7



AREA PROPOSED FOR REZONING



P.C. #2012.12: 1718 S. Park Street Rezone from Zone RS-5 to Zone CO

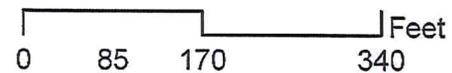


PROPOSED ZONING

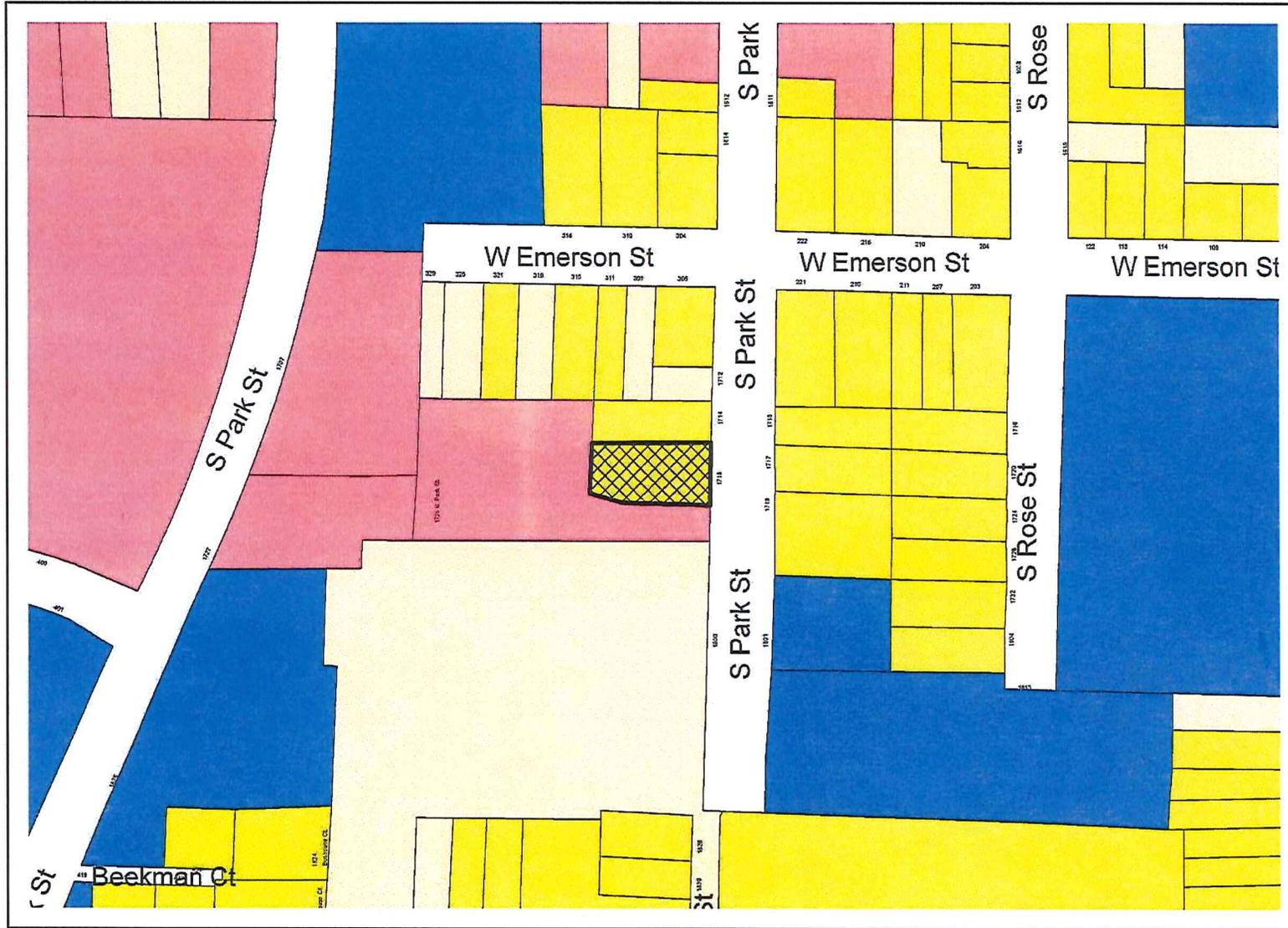
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-  RS-7



AREA PROPOSED FOR REZONING



P.C. #2012.12: 1718 S. Park Street
 Rezone from Zone RS-5 to Zone CO

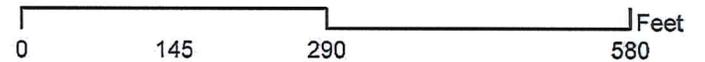


LAND USE

- COMMERCIAL
- VACANT
- TAX EXEMPT
- INDUSTRIAL
- RESIDENTIAL



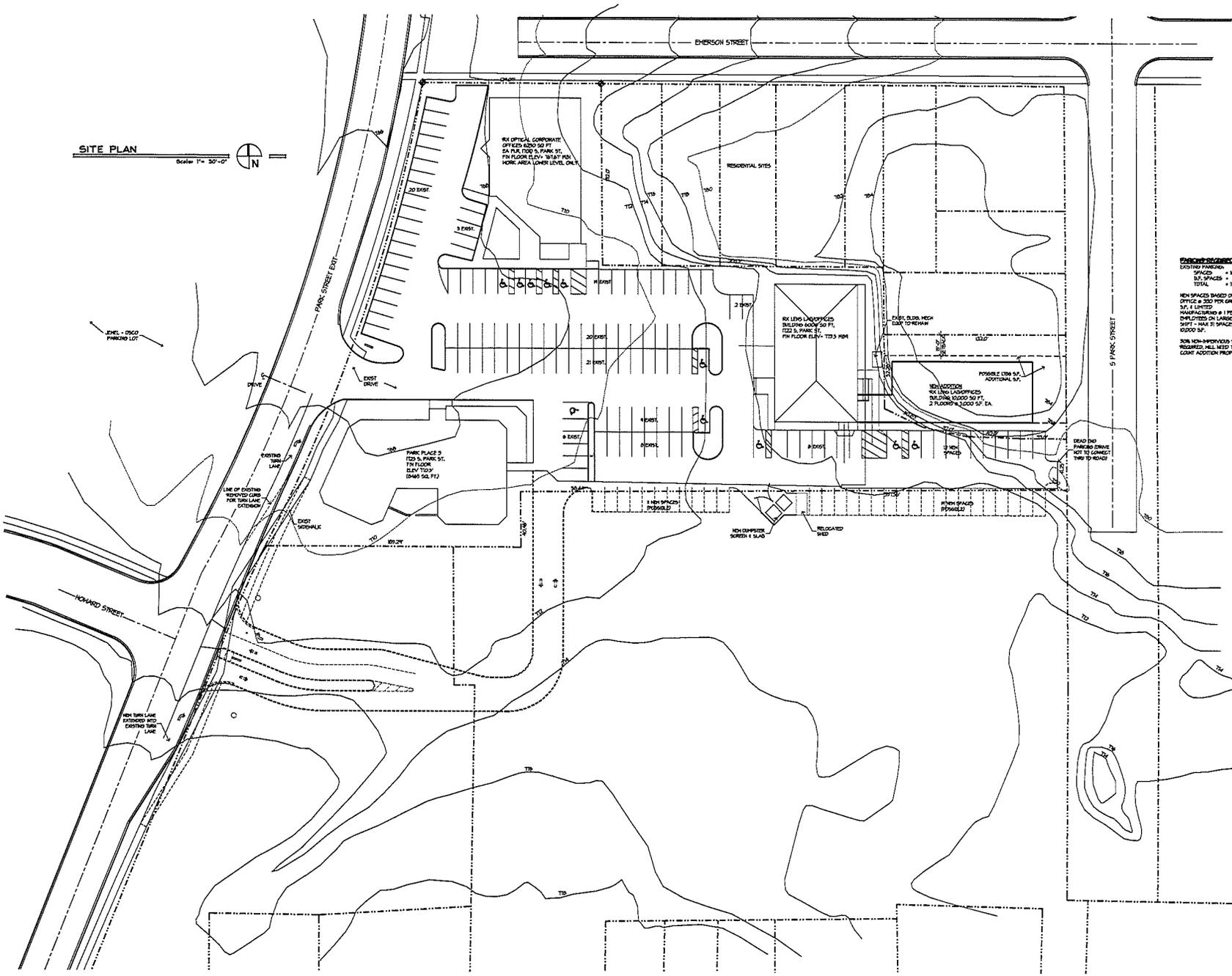
AREA PROPOSED FOR REZONING





321 South RiverView Drive
Kalamazoo, Michigan 49004
PH: 269.381.4411 FAX: 269.381.3399
www.locumarchitects.com

SITE PLAN
Scale: 1" = 30'-0"



SPACES REQUIRED
EXISTING PARKING - 24 SPACES
NEW SPACES - 14 TOTAL
NEW SPACES BASED ON OFFICE @ 300 PER GROUP 5, 4 LIMITED MANUFACTURING @ 1 PER 5 EMPLOYED ON LARGE SHOP - MAX 21 SPACES ON 10000 SF.
SOME NON-APPROVED SPACE REQUIRED, WILL NEED TO GOVT. ACTION PROPERTY.

ADDITION TO:
RX OPTICAL SURFACING & FINISHING LAB EXPANSION
1722 Stern Foxe Street
Kalamazoo, MI

SHEET TITLE
SITE PLAN

FILE NAME
E28_C100.PDW

ISSUED

PRELIMINARY

JOB NUMBER
1218

C100

**City of Kalamazoo
PLANNING COMMISSION
Minutes
December 6, 2012
*Draft***

2nd Floor, City Hall
City Commission Chambers
241 W. South Street, Kalamazoo, MI

Members Present: Mark Fricke, Chair; Casey Fawley, Vice Chair; Charley Coss; Rachel Hughes-Nilsson; Rico White; Reed Youngs

Members Excused: Todd Hamilton; Geoffrey Cripe

Members Absent: Angela Reynolds

City Staff: Andrea Augustine, City Planner; Robert Bauckham, Assistant City Planner; John Kneas, Assistant City Attorney; Amy Thomas, Recording Secretary

A. CALL TO ORDER

Commissioner Fricke called the meeting to order at 7:00 p.m.

B. ROLL CALL

Planner Augustine completed roll call and determined that the aforementioned members were present.

C. ADOPTION OF FORMAL AGENDA

There were no changes to the agenda.

Commissioner Youngs, supported by Commissioner Coss, moved approval of the December 6, 2012 Planning Commission agenda as submitted. With a voice vote, the motion carried unanimously.

D. APPROVAL OF MINUTES (October 4, 2012)

There were no changes to the minutes.

Commissioner Youngs, supported by Commissioner White, moved approval of the October 4, 2012 Planning Commission minutes as submitted. With a voice vote, the motion carried unanimously.

E. COMMUNICATIONS AND ANNOUNCEMENTS

None

F. PUBLIC HEARINGS

1. P.C. 2012: Consideration of a request from Park Place of Kalamazoo, LLC to rezone 1718 S. Park Street from Zone RS-5 (Residential, Single-Dwelling District) to Zone CO (Commercial, Office District).

The staff report is included in these minutes by reference hereto. Planner Bauckham advised that the subject property is on old South Park Street, north of Crane Park and south of Emerson Drive in the Southside Neighborhood. There is two-story, single-family house on the site and a detached garage. The property is owned by Matthew Fletcher who is affiliated with the applicant. The house is currently rented and occupied. The applicant owns the adjacent property to the west, which contains three office buildings, including the headquarters for the Rx Optical Company. They would like to construct a 5,000-square-foot addition on the east end of the Rx Optical building. The building addition would extend onto the subject property, which creates the need for the property to be rezoned from the residential zone to the commercial/office zone. The house will either be relocated to a different site or it will be razed. The current driveway to the house on old South Park Street would be removed for this project, so there would be no access from this site onto that street.

The applicant also owns the property directly to the south and he wants to create parking there for the building addition. The property to the south is currently in the commercial/office zone, so rezoning is not needed for that parcel. It is anticipated that between eight and fifteen jobs would be created for this project. The construction would not likely begin until 2014, but the applicant would like to have the rezoning in place before that time. The applicants spoke to their neighbors regarding this request and reportedly did not receive any objections from them. Given the adjacent office uses and zoning of adjacent parcels, city staff is recommending that the Planning Commission recommend to the City Commission to approve the request.

Commissioner Fricke inquired if the addition would span both the currently zoned land and land to be rezoned; Planner Bauckham responded in the affirmative. Commissioner Fricke commented that it looks like there will be a significant amount of asphalt on this site. Planner Bauckham referred to the preliminary site plan and advised that a small parking lot is proposed to serve the addition and it will extend onto the property to the south. The required amount of open space will need to be met with this project.

Commissioner Fricke mentioned that the plan refers to “new space possible.” He inquired if that is due to the fact that there is uncertainty as to how many new jobs will be created. The plan shows 12 new spaces on the north part of the lot and there is a notation about a possible 14 additional spaces. He inquired if that area would be paved. Planner Bauckham advised that it would have to be paved. There is a wooded site to the south, which is also owned by the

applicant. The applicant has future plans to develop that as an additional office complex. Part of the proposed parking may be used for the future office building.

Matt Fletcher, Managing Member of Park Place of Kalamazoo, stated that his Grandfather started Rx Optical in 1947. The building on Park Street is the world headquarters for the company. Rx Optical just opened its 51st store in southwestern Michigan; two more stores are planned for the near future. The applicant owns 1800 S. Park Street, which is the 3.5 acres of undeveloped land to the south, and they would like to add a fifteen-thousand-square-foot building there in four or five years. There would be no added traffic to old South Park Street. There are currently three renters in the house, so there would be less traffic after the house is gone. Mr. Fletcher advised that he spoke with six homeowners in the Southside Neighborhood about the project. All of those neighbors were interested in whether or not there would be more traffic on old South Park Street. He told them all traffic will flow to west onto new South Park Street. The construction would not begin until 2014. The applicant hopes to create approximately 15 new jobs ranging in pay from \$15 to \$20 per hour with benefits. The applicant pays about \$100,000 in property taxes just for the three buildings that are there, that does not include personal property taxes.

Commissioner Fricke inquired as to the exterior lighting that will be used for the proposed project. Mr. Fletcher stated that he thought one more pole light, about 60 feet high, would be added. There are already two pole lights on the existing parking lot. A brick wall will probably be added at the east side of the addition. He is working with the neighbors right now to clean up 1500 South Park Street to the south of this project. Many of the smaller weed trees have been removed so the parcel will be more park-like until the applicant can build on it. Mr. Fletcher is working with four neighbors to the south to funnel pedestrians away from the parking lot and the neighbors' yards. People walk through this area on their way to the grocery store. Commissioner Fricke inquired if that is a problem now. Mr. Fletcher stated that he picks up garbage in that area every day; the short-cuts are an issue.

(7:20 p.m. – Commissioner Fawley arrived.)

Mr. Fletcher advised that his company makes optics in the laboratory on the site, which does not generate any noise. The EPA tested the air and water and advised that it came out cleaner than when it was received due to the ionization process that is utilized.

Commissioner Fricke stressed the importance of making sure the lighting is adequate and that it doesn't bother the neighbors. If a barrier is created to prevent people from using the short-cut, it is important to make sure that those people are not herded into the neighbors' back yards. Mr. Fletcher advised that the brick wall would be along the eastern end of the property. The wall would also extend to the south. Landscaping would also be used between the subject property and the neighbors to help discourage the cut-through traffic. Mr. Fletcher advised that the neighbors were happy when the applicants cleaned up the 3.5 acres. It is not his intention to put fences all over the site and push people into the neighbors' back yards.

Corine Foster, advised that she lives on the southwest corner of Emerson and Park Street. She stated that she knew nothing about the applicant's plans until she received a notice in the mail. She was concerned that there would be a driveway onto old Park Street for the new project. Ms. Foster mentioned that in 2004, the subject property was rezoned to Zone 8. It is her understanding that Zone 8 is now Zone 5. Commissioner Fricke advised that Ms. Foster's concerns would be addressed at the end of her comments, since she only has four minutes to speak. Ms. Foster inquired if there are plans to make Park Street longer to the south. Commissioner Fricke advised that the diagram shows an undeveloped right-of-way rather than pavement.

Planner Augustine advised that in 2004, the property was rezoned from Zone 7 (former residential, multi-family) to Zone 8 (former single-family zone). In 2005, the zones were renamed. Zone 8 is now Zone RS-5. It is the same zoning classification, but the names of the zones were changed to make them more illustrative. For example, Zone RS-5 is for residential, single-family uses at 5 units per acre.

Ashley Daneman is the occupant of 1719 S. Park Street, which is directly across from the proposed parking lot. She is concerned about how this will change the character of the neighborhood. She commented on the importance of keeping the green space. She requested the following: 1. That this request be designated as a conditional zoning approval to protect the neighborhood; 2. That more than the basic buffering and landscape required in the zoning ordinance should be provided; 3. The barrier wall should be placed as far back as the homes that are on the west side of Park Street, or the minimum front setback standard in the zoning ordinance, which is 25 feet from the house side; 4. That a low maintenance wall be required as a barrier; 5. That plantings be required in front of the barrier; 6. No structure should extend closer to S. Park Street than the back of the homes on the west side of S. Park St.; and, 7. No signage or lighting should be visible from the residential zone. Since the woods have been cut down, the neighbors can see a lot more light and hear more noise than before. Ms. Daneman would like to work with Mr. Fletcher, whom she has not met, regarding the barrier. She wants to make sure this area remains a family neighborhood, that it is separate from the commercial area, and that it is a safe place for her kids to grow up.

There were no further public comments and the public hearing was closed.

Commissioner Youngs advised that the second speaker brought up issues that will be addressed during site plan review. Parking and other details will be addressed. Right now this is just a rezoning of the property.

Planner Augustine confirmed that the items that were discussed would come up in site plan review. The applicants are requesting a rezoning to allow the proposed project to occur. The Planning Commission does not have final say as to the approval of this project. The Planning Commission will be making a recommendation to the City Commission. If the City Commission approves the application and the applicant submits a full site plan, the details of the site plan, including landscaping, buffering, lighting, etc., will be addressed. Planner Augustine advised

that the site plan review meetings are not public meetings but the public is welcome to look at the site plans.

Commissioner Youngs, supported by Commissioner Hughes-Nilsson, moved approval of P.C. #2012.12, consideration of a request from Park Place of Kalamazoo, LLC to rezone 1718 S. Park Street from Zone RS-5 (Residential, Single-Dwelling District) to Zone CO (Commercial, Office District). With a roll call vote, the motion carried unanimously.

Commissioner Fricke commented that he is hesitant to approve the rezoning of a property if it is unclear what will happen to the property. In this case, there are more details about what will be happening with this property.

G. CITIZENS' COMMENTS ON NON-AGENDA ITEMS

None

H. OLD BUSINESS

Planner Augustine referred to a discussion at a prior Planning Commission meeting with regard to the need to appoint a new Planning Commission Secretary. The State Planning Enabling Act requires the Planning Commission to have a secretary to review the minutes before they are forwarded in the agenda packet. The Planning Commission Secretary is different than the Recording Secretary, which is a position occupied by city staff. Commissioner Cripe advised city staff that he would be willing to accept the position of Planning Commission Secretary.

Commissioner Fawley, supported by Commissioner Youngs, moved to nominate Commissioner Cripe as Secretary of the Planning Commission. With a voice vote, the motion carried unanimously.

I. NEW BUSINESS

1. Presentation of the 2013 Capital Improvement Plan.

Planner Augustine introduced Patsy Moore, Director of Budget and Accounting, to discuss the CIP. The CIP is a work list for the city in 2013 and is part of the 2013 budget. The CIP shows projected expenditures for the city five years in advance. The current CIP shows proposed projects through 2018. It is roughly a year-long process to get the CIP to the point where it is ready for approval. The Planning Commission chair has attended some of the CIP meetings. The city charter requires the Planning Commission to review and make recommendations on the CIP.

Ms. Moore advised that there is a Project Coordination Team to coordinate capital projects and make recommendations on projects for the proposed budget. The Project Coordination Team is comprised of department directors and project managers. Projects are reviewed and scored according to established criteria. There are nine categories that are used for scoring the projects. If a project is fully funded, it is moved to the top of the list. Some projects are required by state

legislature or federal agencies and must be completed for the city to be in compliance. Those projects are also moved to the top of the list. Plans are evaluated to determine if they are consistent with the city's strategic objectives and commitments. Projects are also scored based on whether or not they would preserve an existing city asset. Health and safety aspects of proposed projects are evaluated. Public and private initiatives are also evaluated, as well as the possibility for leveraging of funds. Points are awarded based on the ratio of leveraged funds. The benefit or liability of a project is considered, as well as how much it will cost or how much it will save. For FY 2013, there is \$924,000 in proposed projects from the general fund. The largest single budget item for the upcoming year is proposed updates to fire apparatus in the amount of \$300,000. Other projects being proposed include improvements to technology at the Public Safety Department, improvements to Hayes Park, and various improvements to facilities around the city. The total maintenance improvement program is \$4.8 million dollars, which would include \$1 million in local street improvements and \$3.8 million in major street improvements. From the Enterprise Fund, which includes wastewater and water, \$3.1 and \$2.5 million, respectively, will be invested to improve those systems. The total capital improvement investment being proposed for the FY 2013 budget is \$11.3 million dollars. Planning Commission approval for the proposed budget is being sought at this time. The City Commission will be in deliberation regarding budget issues over the coming weeks.

Commissioner Fricke commented that the city seems to be doing a good job at projecting the budgetary needs. It appears there were not many projects this year which did not come to fruition. Ms. Moore advised that the planning is paying off. Commissioner Fricke commented that some items that did not make the cut this year; he inquired if Ms. Moore expected those projects to be on the plan for next year. Ms. Moore advised that all of the projects planned for 2013 made it into the CIP, but some have been pushed to future years to be completed.

Commissioner Hughes-Nilsson, supported by Commissioner Coss, moved to recommend to the City Commission to approve the 2013 Capital Improvement Plan. With a voice vote, the motion carried unanimously.

J. CITIZENS' COMMENTS

None

K. CITY PLANNER'S REPORT

Planner Augustine distributed a memo regarding medical marijuana, which was drafted by City Attorney Clyde Robinson. On November 6th, the City of Kalamazoo voted on a charter amendment to allow for three medical marijuana dispensaries in the City of Kalamazoo. It was passed by the voters. The purpose of the charter amendment was to implement the goal and intent of the Michigan Medical Marijuana Act, which was passed several years ago. There is a provision in the zoning ordinance pertaining to medical marijuana, which allows for medical marijuana caregivers and patients to interact as a home occupation; it did not allow for dispensaries. City staff's rationale for not allowing dispensaries was that the Michigan Medical Marijuana Act does not actually allow for medical marijuana dispensaries. Because of the

charter amendment, there are some gray areas that now need to be addressed. There have been several appeals cases related to dispensaries in the state, the most common of which is the McLean case. The Michigan Court of Appeals found in that case that medical marijuana dispensaries are not considered a legal use. The court held that medical use of marijuana does not permit patient to patient sales of marijuana, neither does it permit the sale of marijuana. Defendants therefore had no authority under the MMNA to operate a marijuana dispensary, or to actively engage in or carry out patient to patient sales of marijuana. This case was heard by the Michigan Supreme Court. They have not yet issued a ruling but will probably do so during the first part of 2013.

The city's opinion is that until such time that the courts rule that medical marijuana dispensaries are a legal use, we cannot enforce the charter amendment that was voted on. There are a couple of options that the courts may use when they issue a ruling on this case: 1. They may say medical marijuana dispensaries in all forms are illegal. 2. They may say medical marijuana dispensaries are legal and the city can implement the charter amendment. 3. The court may say the medical marijuana dispensary model the defendants used in this case is not legal. If that is the case, the city will have to re-evaluate its stance on this issue.

Depending on the nature of the Supreme Court decision, city staff will probably take steps to create a zoning ordinance amendment to allow for dispensaries. The way the charter amendment was written, it says that medical marijuana dispensaries should be in appropriate commercial zones, but they didn't specify what the appropriate zones would be. It would be the job of city staff, the Planning Commission and the City Commission to determine what the appropriate commercial zones would be and to create medical marijuana dispensary zoning.

Commissioner Youngs inquired if medical marijuana zoning districts were set up, would they be spot zoning and would they be more of a commercial enterprise or agricultural. Planner Augustine advised that the city doesn't have agriculture zones. The charter amendment did discuss appropriate commercial zones. It is her understanding that zoning cannot be mandated by charter amendment, so it was a suggestion rather than a rule. Commercial areas would not be an inappropriate space for it. As an example, when some municipalities deal with adult-regulated uses, there have been disbursement methods. This means that the adult-regulated use can only be in a particular zone and they have to be a certain number of feet from various uses. Or a zone could be created where the dispensaries would be congregated. In the City of Kalamazoo, most growers tend to grow marijuana indoors. The Michigan Medical Marijuana Act requires that it be in an enclosed, locked area. The voter initiated charter amendment is at odds with the law.

Commissioner White referred to a facility near Howard and Park Street. Planner Augustine advised that facility is a doctor's office. They see patients and determine if patients are eligible for medical marijuana. Commissioner White inquired as to where the patients would get medical marijuana if they are approved to receive it. Planner Augustine advised that there are caregivers operating within the confines of the Michigan Medical Marijuana Act who would be allowed to provide medical marijuana to patients who have been approved to receive it. If they operate within the confines of the Michigan law, they don't need to provide their name or address to the

city. The Act forbids public safety from keeping a list of people who have medical marijuana cards. If someone got a prescription for medical marijuana, they would be put in touch with a care giver or they could grow their own. There are also compassion centers and compassion clubs that help patients connect with caregivers. The law does not allow for commercial operation where patients can buy medical marijuana.

Commissioner Fricke inquired if the city would still be in violation of federal law even if the Michigan Supreme Court rules in favor of medical marijuana dispensaries. Planner Augustine advised that anyone who is using medical marijuana would be in violation of federal law. Marijuana is a schedule 1 narcotic and is illegal at the federal level. Just this past week, the U.S. Attorney General reiterated that it is illegal.

Planner Bauckham referred to the project spreadsheet that was provided in the Planning Commission packets and advised that three more site plans have been received by city staff. One of the site plans was for a barber shop on Riverview Drive, which will be in a new building north of Gull Road. Another barber shop has been proposed for an existing building at Mills and Lake Street. A site plan was also submitted for the new Washington Writers' Academy School on Lay Blvd. and Portage Rd.

Also, improvements are being planned for Woods Lake Park. A new pavilion will be added, as well as trails, a fishing deck and an observation deck. The Community Promise Federal Credit Union will be locating near Portage and Washington, near the former adult book store. The site plan for that project is nearing approval. The Fastenal Company on Miller Rd. is nearing completion of its building. The landscaping should be completed in the spring. There have been a total of 45 site plans received this year.

L. MISCELLANEOUS COMMENTS BY PLANNING COMMISSIONERS

None

M. ADJOURNMENT

Commissioner Coss, supported by Commissioner Fricke, moved to adjourn the December 6, 2012 meeting of the Planning Commission.

The meeting adjourned at 7.57 p.m.

Respectfully submitted,

Andrea Augustine, AICP
City Planner
Community Planning and Development



Commission Agenda Report

City of Kalamazoo

Date: **01/22/13**

Item **E2**

TO: Mayor Hopewell, Vice Mayor McKinney, and City Commissioners

FROM: Kenneth P. Collard, City Manager, ICMA-CM, P.E.
Prepared By: Jerome R. Kisscorni, Executive Director of the EDC

DATE: January 16, 2013

SUBJECT: Resolution to Approve a PA 198 Industrial Facility Exemption Certificate Application for Graphic Packaging International

RECOMMENDATION

It is recommended that the City Commission adopt a resolution to approve an application from Graphic Packaging International, Inc. for a PA 198 Industrial Facilities (Tax) Exemption Certificate (IFEC) for three years for personal property valued at \$15,700,000 in existing Industrial Development District No. 1 and Plant Rehabilitation District No. 3 located at 1500 North Pitcher Street. The estimated first year new city property tax revenue resulting from this investment will be \$37,818. An identical amount would be abated by the city in the first year.

BACKGROUND

Graphic Packaging International, Inc. is the wholly-owned primary operating subsidiary of Graphic Packaging Holding Company. Graphic Packaging Holding Company, together with its subsidiaries, is a leading provider of paperboard packaging solutions for a wide variety of products to food, beverage and other consumer product companies. Graphic Packaging International's mill plant in Kalamazoo is going to add approximately \$15,700,000 in new equipment, including a new curtain coater, controller and scanner system on the facility's K1 paper machine.

The applicant proposes to retain 280 existing jobs and add 0 new full-time positions within the first two years of the IFEC approval. Graphic Packaging International has voluntarily provided information showing that the firm's average wages for the existing positions exceed hourly standards based on 125 percent of the federal poverty income guidelines issued by the US Department of Health and Human Services for a family of three and the company provides health care insurance coverage.

COMMUNITY RESOURCES CONSULTED

This recommendation did not require advisory board consultation. A public hearing is scheduled for January 22, 2013 on the request to consider Graphic Packaging International's application for a PA 198 tax exemption on personal property.

FISCAL IMPACT

The impact on the city budget of approving this certificate application request has been estimated by the City Assessor. An analysis of the first year impact is attached. Based on that analysis, the city will add approximately \$7,850,000 in new taxable value to the IFT tax rolls from the proposed \$15,700,000 new personal property investment. The new taxable value will yield approximately \$37,818 in new city revenue the year following completion of the project investment. The amount of abated city property tax revenue during that same year is estimated to be \$37,818.

Further, all other taxing jurisdictions will share in approximately \$51,272 of new taxes (city new revenues are excluded from that amount) from the Graphic Packaging investment, while collectively abating \$126,910 in the first year of the abatement.

Given the amount of new equipment being requested for approval and given an expected depreciation in personal property values during the life of this abatement, the future revenues received from abated investment should be expected to decrease from the first year values.

ALTERNATIVES

- The City Commission could choose to approve the resolution to approve Graphic Packaging International, Inc.'s PA 198 new personal property exemptions, as recommended.
- The City Commission could choose to approve the resolution with specific conditions.
- The City commission could choose not to approve the resolution. Such action could compromise future expansion decisions at this location.

ATTACHMENTS

Resolution
Map
Assessor's Fiscal Impact

CITY OF KALAMAZOO, MICHIGAN

RESOLUTION NO. _____

A RESOLUTION APPROVING THE APPLICATION OF GRAPHIC PACKAGING INTERNATIONAL, INC. FOR AN INDUSTRIAL FACILITIES TAX EXEMPTION CERTIFICATE FOR ITS FACILITY IN KALAMAZOO INDUSTRIAL DEVELOPMENT DISTRICT NO. 1 AND PLANT REHABILITATION DISTRICT NO. 3 AND APPROVING LOCAL AGREEMENT PURSUANT TO PUBLIC ACT 334 OF 1993

Minutes of a regular meeting of the City Commission of the City of Kalamazoo held on January 22, 2013, at or after 7:00 o'clock p.m., local time, at City Hall.

PRESENT, Commissioners:

ABSENT, Commissioners:

The following resolution was offered by _____ and supported by _____.

RECITALS:

A. Pursuant to 1974 PA 198, Sec. 207.551, et seq., after a duly noticed public hearing held on January 20, 1975, this City Commission by resolution established Kalamazoo Industrial Development District No. 1; and after a duly noticed public hearing held on May 16, 1977, this City Commission by resolution established Kalamazoo Plant Rehabilitation District No. 3.

B. By resolution adopted on January 7, 2013, this City Commission accepted the application of Graphic Packaging International, Inc. for an Industrial Facilities Exemption Certificate for its facility in Kalamazoo Industrial Development District No. 1 and Kalamazoo Plant Rehabilitation District No. 3 and directed the City Clerk to notify the City Assessor and the legislative body of each taxing unit which levies ad valorem taxes on the property located within these two districts that the application for an Industrial Facilities Tax Exemption Certificate would be considered at a meeting of the City Commission on January 22, 2013, and that an opportunity to be heard would be provided to the Assessor and to a representative of each of the bodies so notified.

C. During a regular meeting of the City Commission held on January 22, 2013, the Applicant, the Assessor, and a representative of the affected taxing units were afforded an opportunity to be heard and _____ appeared.

THEREFORE IT IS RESOLVED THAT:

1. That this City Commission finds:

(a) That the installation of new machinery and equipment did not occur before the establishment of the district.

(b) That the installation of new machinery and equipment had not begun earlier than six (6) months before December 7, 2012, the date of filing of the application for an Industrial Facilities Tax Exemption Certificate.

(c) That the application relates to the installation of new machinery and equipment, which, when completed, will constitute a new facility within the meaning of the Act and will be situated in Kalamazoo Industrial Development District No. 1 established on January 20, 1975 and in Kalamazoo Plant Rehabilitation District No. 3 established on May 16, 1977, by resolution of this City Commission.

(d) That the completion of the facility is calculated to and will at the time of issuance of the certificate have the reasonable likelihood to retain, create or prevent the loss of employment in the City of Kalamazoo.

(e) That completion of the facility will not have the primary effect of transferring employment from elsewhere in Michigan to the City of Kalamazoo.

(f)

(i) That the aggregate SEV of real and personal property exempt from ad valorem taxes within the City of Kalamazoo, after granting the certificates, will not exceed 5% of an amount equal to the sum of the SEV of the City, plus the SEV of personal and real property thus exempted; and

(ii) That the granting of the Industrial Facilities Exemption Certificate, considered together with the aggregate amount of any Industrial Facilities Exemption Certificates previously granted and currently in force, shall not have the effect of substantially impeding the operation of the City of Kalamazoo or impairing the financial soundness of a taxing unit which levies ad valorem property taxes on real estate and property to be located in Kalamazoo Industrial Development District No. 1 and in Kalamazoo Plant Rehabilitation District No. 3, because the equivalent effect of exemptions issued under 198 PA 1974 and 255 PA 1978 is to understate the SEV of the City by \$76,574,436 or approximately 5.0%.

2. That the application of Graphic Packaging International, Inc. for an Industrial Facilities Tax Exemption Certificate with regard to the installation of new machinery and equipment in Kalamazoo Industrial Development District No. 1 and Kalamazoo Plant Rehabilitation District No. 3 is hereby approved with the following conditions:

(a) That the holder of the Industrial Facilities Tax Exemption Certificate shall, no later than June 30 of each year, report to the City Clerk the status of the tax exemption certificate, including the current value of the property to which the exemption applies, the value on which the industrial facilities tax is based, the number of jobs retained or created by the exemption, and a description of the current use of the facility.

(b) Failure to provide the requested information by June 30, failure to complete the project within two (2) years, failure to proceed in good faith with the project consistent with the purpose of 1974 PA 198, failure to create or retain the jobs as represented in the application, or failure to use the project in the manner as described in the application shall be grounds for the revocation of the certificate.

3. The certificate for the installation of new machinery and equipment, unless earlier revoked, shall be in effect for a period of three (3) years, commencing on December 31, 2013, and expiring on December 30, 2016.

4. Pursuant to the provisions of Public Act 334 of 1993, the attached local agreement is hereby approved.

AYES, Commissioners:

NAYS, Commissioners:

ABSTAIN, Commissioners:

RESOLUTION DECLARED ADOPTED.

CERTIFICATE

The foregoing is a true and complete copy of a resolution adopted by the City Commission of the City of Kalamazoo at a regular meeting held on January 22, 2013. Public notice was given and the meeting was conducted in full compliance with the Michigan Open Meetings Act (PA 267, 1976). Minutes of the meeting will be available as required by said Act.

Scott A. Borling
City Clerk



Legend

Parcel

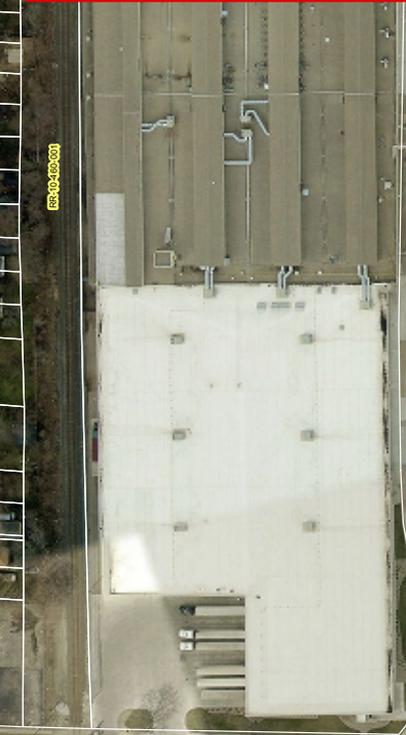
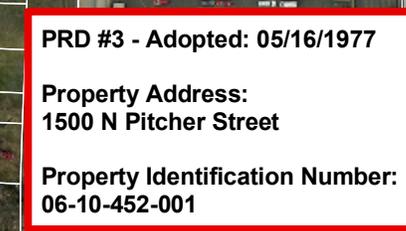
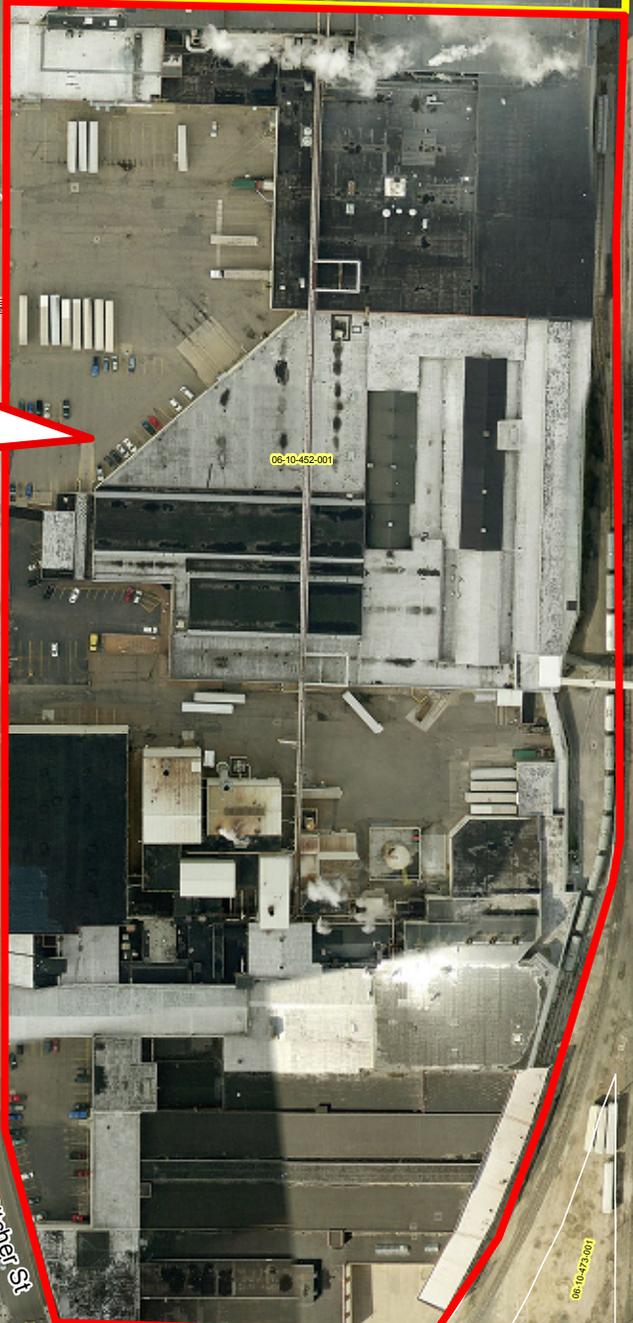
Parcel Numbers

Parcel Addresses

Street Name

1 inch = 200 feet

December 17, 2012 awd



IDD #1 - Adopted: 01/20/1975
Property Address:
1500 N Pitcher Street
Property Identification Number:
06-10-452-001

PRD #3 - Adopted: 05/16/1977
Property Address:
1500 N Pitcher Street
Property Identification Number:
06-10-452-001

E Prouty St
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Map is intended for assessment purposes only and is NOT at a survey level of accuracy.

TO: Kalamazoo City Commission
 FROM: Constance Darling, Assessor
 DATE: November 19, 2012
 SUBJECT: GRAPHIC PACKAGING
 SCHOOL: Kalamazoo Public

TAX ABATEMENT IMPACT STATEMENT

OWNER	PROP TYPE	CERT TYPE	OPERATING REVENUE - CITY			REVENUE - ALL OTHER			TOTAL REVENUE		TOTAL TAXABLE VALUE	TOTAL EFFECTIVE VALUE
			NEW IFT REVENUE	ABATED REVENUE	REVENUE IF NO IFT	NEW IFT REVENUE	ABATED REVENUE	REVENUE IF NO IFT	NEW IFT REVENUE	TOTAL ABATED REVENUE		
GRAPHIC PACKAGING	P	N	\$37,818	\$37,819	\$75,637	\$51,272	\$89,091	\$140,363	\$89,090	\$126,910	\$7,850,000	\$3,925,000

	TOTAL TAXABLE	IFT ROLL	% OF TOTAL
BEGINNING 2012 ROLL	\$1,504,880,068	\$56,471,112	3.8%
IFT'S IN PROCESS	\$20,103,324	\$20,103,324	100.0%
TOTAL	\$1,524,983,392	\$76,574,436	5.0%



Commission Agenda Report

City of Kalamazoo

Date: **01/22/13**

Item **F1**

TO: Mayor Hopewell, Vice Mayor McKinney, and City Commissioners

FROM: Kenneth P. Collard, City Manager, ICMA-CM, P.E.
Reviewed By: Sue Foune, Public Services Deputy Director
Prepared By: Matt Johnson, P.E., Senior Civil Engineer

A handwritten signature in black ink, appearing to be "Sue Foune".

DATE: January 15, 2013

SUBJECT: Contract with Insituform Tech USA, LLC for Sanitary Sewer Lining

RECOMMENDATION

It is recommended that the City Commission approve a contract in the amount of \$159,593.00 with Insituform Tech USA, LLC of Howell, MI for the installation of cured in place liners in various sanitary sewer locations within the City.

BACKGROUND

The City has several sanitary sewers which have infiltration and inflow or minor cracking that are in need of repair. Lining sanitary sewer mains that are structurally sound is a cost-effective alternative to replacement by conventional means. Lining sewers eliminates the need for excavation of the road way; and extends the life of the existing system up to 100 years. Sewer videos from the last six years have been examined and sections that are good candidates for lining prioritized. On October 9, 2012 bids were taken for over 5075 feet of 8 and 12-inch sanitary sewers. Four bids were received ranging from \$159,593.00 to \$224,875.00. Insituform Tech USA, LLC was the lowest responsive bidder and has agreed to honor the 2012 pricing. Insituform Tech, USA, LLC is qualified and experienced with the type of work to be done.

COMMUNITY RESOURCES CONSULTED

This recommendation did not require advisory board consultation or additional public input.

FISCAL IMPACT

In addition to the \$159,593 construction cost, it is anticipated that \$20,000 will be required for engineering, testing, and contingency for a total project cost of \$179,593. Funding and estimated costs are summarized as follows:

Funding

Sanitary Capital funding	\$ 179,593
--------------------------	------------

Costs

Sanitary Sewer Lining	\$ 159,593
Engineering, Testing, and Contingency	<u>\$ 20,000</u>
Total Anticipated Costs	\$ 179,593

Funds are allocated in the 2012 Wastewater CIP budget for this project.

ALTERNATIVES

The alternative of not approving the contract with Insituform Tech, USA LLC is not recommended as lining is the most cost-effective method of rejuvenating these sanitary sewer lines.

ATTACHMENTS

There are no attachments.



Commission Agenda Report

City of Kalamazoo

Date: **01/22/13**

Item **F2**

TO: Mayor Bobby J. Hopewell, Vice Mayor Hannah McKinney and City Commissioners

FROM: Kenneth P. Collard, ICMA-CM, P.E., City Manager
Reviewed By: Thomas C. Skrobola, Management Services Director /CFO
Prepared By: Patsy A. Moore, Deputy Management Services Director / Comptroller

DATE: January 11, 2013

SUBJECT: Notice of Intent Resolution to Issue General Obligation Limited Tax Bonds for FY 2013 Capital Improvements

RECOMMENDATION

It is recommended that the City Commission approve a Notice of Intent Resolution for the issuance of General Obligation Limited Tax Bonds in an amount not to exceed \$4.2 million, for the purpose of financing FY 2013 capital projects.

BACKGROUND

The FY 2013 Adopted Budget calls for certain capital improvements to be undertaken by debt for the purpose of paying all or part of the costs of certain public improvements in the City, including a) acquiring and constructing major street and local street improvements, including intersection and traffic signal upgrades; b) acquiring and constructing park improvements; c) acquiring and constructing golf course clubhouse improvements and equipment; and d) acquiring, constructing, furnishing and equipping public safety facility and pool improvements; including all related equipment, site improvements, appurtenances and attachments

The adoption of this resolution begins the process of issuing the debt. The resolution requires that a Notice of Intent to issue debt be published in the Kalamazoo Gazette. The Bonds can be issued without a vote of the City electors unless a petition is filed with the City Clerk within 45 days of publication of the notice with signatures from 10% of the electorate. Assuming the referendum period expires without referendum petitions being submitted, the City could sell the Bonds in late March 2013.

COMMUNITY RESOURCES CONSULTED

The FY2013 Capital Budget was presented and approved as part of the 2013 annual budget process and reviewed and approved by the City Planning Commission.

FISCAL IMPACT

The City's debt limit is capped by statutory and constitutional debt provisions to 10% of the City's State Equalized Valuation (SEV). The SEV as of December 31, 2012 is 1,610,952,614 resulting in a debt limit of \$161,095,261 for the City. The current outstanding debt, not including exempt debt is \$57,320,000, which is 35.6% percent of the debt limit.

The annual debt service on this bond issue is included in the City's FY 2013 Adopted Budget and fiscal plan.

ALTERNATIVES

If the debt is not issued, general capital maintenance will fall behind desirable levels, as the use of cash financing is not recommended.

ATTACHMENTS

Notice of Intent Resolution

**NOTICE OF INTENT RESOLUTION
2013 CAPITAL IMPROVEMENT BONDS**

City of Kalamazoo
County of Kalamazoo, State of Michigan

Minutes of a regular meeting of the City Commission of the City of Kalamazoo, County of Kalamazoo, State of Michigan, held on the 21st day of January, 2013, at 7:00 p.m., Eastern Standard Time.

PRESENT: Members _____

ABSENT: Members _____

The following preamble and resolution were offered by Member: _____ and supported by Member: _____:

WHEREAS, the City of Kalamazoo, County of Kalamazoo, State of Michigan (the "City") intends to issue general obligation limited tax bonds pursuant to Act 34, Public Acts of Michigan, 2001, as amended ("Act 34"), in an aggregate principal amount of not to exceed Four Million Two Hundred Thousand Dollars (\$4,200,000) (the "Bonds") for the purpose of paying all or part of the costs of certain public improvements in the City, including a) acquiring and constructing major street and local street improvements, including intersection and traffic signal upgrades; b) acquiring and constructing park improvements; c) acquiring and constructing golf course clubhouse improvements and equipment; and d) acquiring, constructing, furnishing and equipping public safety facility and pool improvements; including all related equipment, site improvements, appurtenances and attachments (the "Project"); and

WHEREAS, a notice of intent to issue the Bonds must be published before the issuance of the Bonds in order to comply with the requirements of Section 517 of Act 34; and

WHEREAS, the City intends at this time to state its intentions to be reimbursed from proceeds of the Bonds for any expenditures undertaken by the City for the Project prior to issuance of the Bonds.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. The City Clerk is authorized and directed to publish a notice of intent to issue bonds in the *Kalamazoo Gazette*, a newspaper of general circulation in the City.
2. The notice of intent shall be published as a display advertisement not less than one-quarter (1/4) page in size in substantially the form attached to this resolution as Exhibit A.
3. The City Commission does hereby determine that the foregoing form of Notice of Intent to Issue Bonds and the manner of publication directed is the method best calculated to give notice to the City's electors and taxpayers residing in the boundaries of the City of the City's intent to issue the Bonds, the maximum amount of the Bonds, the purpose of the Bonds, the source of payment for the Bonds and the right of referendum relating thereto, and the newspaper named for publication is hereby

determined to reach the largest number of persons to whom the notice is directed.

4. The City makes the following declarations for the purpose of complying with the reimbursement rules of Treas. Reg. § 1.150-2 pursuant to the Internal Revenue Code of 1986, as amended:

- (a) The City reasonably expects to reimburse itself with proceeds of the Bonds for certain costs of the Project which were paid or will be paid from the general funds of the City subsequent to sixty (60) days prior to today.
- (b) The maximum principal amount of debt expected to be issued for the Project, including issuance costs, is \$4,200,000.
- (c) A reimbursement allocation of the capital expenditures described above with the proceeds of the Bonds will occur not later than 18 months after the later of (i) the date on which the expenditure is paid, or (ii) the date the Project is placed in service or abandoned, but in no event more than three (3) years after the original expenditure is paid. A reimbursement allocation is an allocation in writing that evidences the City's use of the proceeds of the Bonds to reimburse the City for a capital expenditure made pursuant to this resolution.

5. All resolutions and parts of resolutions insofar as they conflict with the provisions of this resolution be and the same hereby are rescinded.

AYES: Members: _____

NAYS: Members: _____

RESOLUTION DECLARED ADOPTED.

Scott Borling
City Clerk

I hereby certify that the attached is a true and complete copy of a resolution adopted by the City Commission of the City of Kalamazoo, County of Kalamazoo, State of Michigan, at a regular meeting held on the 21st day of January, 2013, and that public notice of said meeting was given pursuant to and in full compliance with Act No. 267, Public Acts of Michigan, 1976 and that minutes of the meeting were kept and will be or have been made available as required by said Act.

Scott Borling
City Clerk

EXHIBIT A

NOTICE TO TAXPAYERS AND ELECTORS
OF THE CITY OF KALAMAZOO
OF INTENT TO ISSUE BONDS
AND THE RIGHT OF REFERENDUM RELATING THERETO

PLEASE TAKE NOTICE that the City of Kalamazoo, County of Kalamazoo, State of Michigan (the "City"), intends to issue and sell its general obligation limited tax bonds pursuant to Act 34, Public Acts of Michigan, 2001, as amended, in an aggregate principal amount of not to exceed Four Million Two Hundred Thousand Dollars (\$4,200,000) for the purpose of paying all or part of the costs of certain public improvements in the City, including a) acquiring and constructing major street and local street improvements, including intersection and traffic signal upgrades; b) acquiring and constructing park improvements; c) acquiring and constructing golf course clubhouse improvements and equipment; and d) acquiring, constructing, furnishing and equipping public safety facility and pool improvements; including all related equipment, site improvements, appurtenances and attachments.

SOURCE OF PAYMENT OF BONDS

THE PRINCIPAL OF AND INTEREST ON SAID BONDS SHALL BE PAYABLE from the general funds of the City lawfully available for such purposes including property taxes levied within applicable constitutional, statutory and charter tax rate limitations.

BOND DETAILS

SAID BONDS will be payable in annual installments not to exceed fifteen (15) in number and will bear interest at the rate or rates to be determined at a public or private sale but in no event to exceed the maximum rate permitted by law on the balance of the bonds from time to time remaining unpaid.

RIGHT OF REFERENDUM

THE BONDS WILL BE ISSUED WITHOUT A VOTE OF THE ELECTORS UNLESS A PETITION REQUESTING SUCH A VOTE SIGNED BY NOT LESS THAN 10% OF THE REGISTERED ELECTORS RESIDING WITHIN THE BOUNDARIES OF THE CITY IS FILED WITH THE CITY CLERK WITHIN FORTY-FIVE (45) DAYS AFTER PUBLICATION OF THIS NOTICE. IF SUCH PETITION IS FILED, THE BONDS MAY NOT BE ISSUED WITHOUT AN APPROVING VOTE OF A MAJORITY OF THE QUALIFIED ELECTORS RESIDING WITHIN THE BOUNDARIES OF THE CITY VOTING THEREON.

THIS NOTICE is given pursuant to the requirements of Section 517, Act 34, Public Acts of Michigan, 2001, as amended.

Scott Borling
City Clerk, City of Kalamazoo

20,796,786.1\046053-00197



Commission Agenda Report

Date: **01/22/13**

Item **F3**

City of Kalamazoo

TO: Mayor Hopewell, Vice Mayor McKinney, and City Commissioners

FROM: Kenneth P. Collard, City Manager, ICMA-CM, P.E.
Reviewed By: Jeff Chamberlain, AICP, Director of Community Planning and Development
Prepared By: Andrea Augustine, AICP, City Planner

DATE: January 16, 2013

SUBJECT: Adoption of Hazard Mitigation Plan for Kalamazoo County

RECOMMENDATION

It is recommended that the City Commission adopt the Kalamazoo County Hazard Mitigation Plan, in accordance with the requirements of the Federal Emergency Management Agency (FEMA), the Michigan State Police, and the Federal Mitigation Assistance Program (FMAP).

BACKGROUND

The Kalamazoo County Hazard Mitigation Plan (located at <http://www.kalamazoo.org/media/plans/2012kchmpupdate.pdf> for review) was created by the Kalamazoo County Sheriff's Office, in cooperation with the Emergency Management and Homeland Security Division of the Michigan State Police. It is an update of their 2006 Hazard Mitigation Plan, and brings the County back into compliance with FEMA's requirements for hazard planning.

The plan itself covers the entirety of Kalamazoo County, but local units of government can be counted as active participants by providing their unique information to the Plan. Staff from Community Planning and Development and Public Safety worked with the State Police to include city-specific information in the plan. After FEMA approval and City adoption of the plan, the city of Kalamazoo will become eligible to apply for and benefit directly from FEMA-funded hazard mitigation projects, many of which are identified in the Mitigation Actions section of the plan.

Generally, the plan discusses the planning process undertaken to create the plan (Chapter 1), a basic community profile (Chapter 2), an analysis of all potential hazards within Kalamazoo County (Chapter 3), alternatives for dealing with potential hazards (Chapter 4), a proposed action plan for hazard mitigation (Chapter 5), and follow-up procedures (Chapter 6). Additionally, there are specific sections for each participating local jurisdiction, including the city of Kalamazoo, in the appendix.

Specifically, the plan discusses risk factors and proposed mitigation for several categories of hazards, including:

- 1) Civil Unrest and War: civil disturbances, sabotage, terrorism, weapons of mass destruction, nuclear attack
- 2) Geological Hazards: earthquakes, subsidence
- 3) Weather: thunderstorm, hail, lightning, tornadoes, severe winds, extreme temperatures, ice/sleet/snowstorms
- 4) Fire Hazards: structural fires, wildfires, scrap tire fires
- 5) Flooding and Drought Hazards: riverine and urban flooding, dam failures, drought
- 6) Hazardous Material Incidents: fixed site hazardous material incidents, hazardous material transportation incidents, oil and natural gas well accidents, pipeline accidents, nuclear power accidents
- 7) Infrastructure Failures: energy emergencies, infrastructure failures
- 8) Public Health Emergencies
- 9) Transportation Accidents

Though some of these hazards are more likely to affect the city of Kalamazoo, the entire document is an inclusive look at all possible hazards. If this plan is adopted by the city, it becomes a guide for local hazard mitigation, as well as the criteria for the Kalamazoo's eligibility for federal grants and assistance.

COMMUNITY RESOURCES CONSULTED

The plan was vetted by the State Police and the County Sherriff's Department. The Kalamazoo County Disaster Committee (KCDC) was a major player in the update process, and it included 60 members from various stakeholder groups around the county (including volunteers from critical agencies, citizenry, business, and governments within Kalamazoo County). This plan was provided to FEMA for review at the end of the summer, and was ultimately adopted by Kalamazoo County in December of 2012. The plan was provided to the city of Kalamazoo for review at the end of December. Staff from Community Planning and Development and the Department of Public Safety reviewed the plan, and found it acceptable.

FISCAL IMPACT

There is no direct fiscal impact for adopting this plan, but adoption of the plan will allow the city to apply for FMAP Mitigation Grants for implementation.

ALTERNATIVES

The City Commission may choose to not adopt the plan, or to recommend that the plan be revised before adoption. It is recommended that the plan be adopted as submitted.

ATTACHMENTS

None

Date: **01/22/13**

Item **F4**



Commission Agenda Report

City of Kalamazoo

TO: Mayor Hopewell, Vice Mayor McKinney, and City Commissioners

FROM: Kenneth P. Collard, City Manager
Reviewed By: Bruce Merchant, Public Services Managing Director
Prepared By: John P. Paquin, Environmental Programs Manager

DATE: January 9, 2013

SUBJECT: Wellhead Protection Program Grant Assistance Revised Contract with the Michigan Department of Environmental Quality

RECOMMENDATION

It is recommended that the City Commission approve a revised Wellhead Protection Grant Assistance Contract from the Michigan Department of Environmental Quality (MDEQ) to receive \$44,400 for designated wellhead protection projects for the period October 1, 2012 through September 30, 2013.

BACKGROUND

On October 1, 2012, the City Commission approved City Manager authorization to sign the initial Wellhead Protection Grant Assistance Contract from the Michigan Department of Environmental Quality (MDEQ) to receive \$44,400 for designated wellhead protection projects for the period October 1, 2012 through September 30, 2013. However in December 2012, the MDEQ revised the contract language to accurately reference the effective state appropriations bill to allow the funding. As previously indicated, the contract agreement is in the amount of \$88,800, reflecting the City match of \$44,400 from previous wellhead protection work.

COMMUNITY RESOURCES CONSULTED

No community resources were consulted since the revised contract was necessary only as a result of an administrative change made by the MDEQ to update their contract language addressing the effective appropriations bill.

FISCAL IMPACT

The revised contract does not have any fiscal impact to the budget that was not previously referenced in the original Memo to the City Commission in October 2012.

ALTERNATIVES

An alternative would be to not accept the \$44,400 funding from MDEQ and implement wellhead protection activities on a total city cost basis with no reimbursement from the MDEQ.

ATTACHMENTS

None



Commission Agenda Report

City of Kalamazoo

Date: **01/22/13**

Item **F5**

TO: Mayor Hopewell, Vice Mayor McKinney, and City Commissioners

FROM: Kenneth P. Collard, Acting City Manager, ICMA-CM
Reviewed By: Jeff Chamberlain, Director, Community Planning and Development
Prepared By: Sharon Ferraro, Historic Preservation Coordinator

DATE: January 3, 2012

SUBJECT: Accept \$10,000 in grants from various sources for a Fountain of the Pioneers fundraising feasibility study

RECOMMENDATION

It is recommended that the City Commission accept, on behalf of the Historic Preservation Commission, \$10,000 in grants, from the Michigan Preservation Services Fund, the Kohler Fund of the National Trust for Historic Preservation, and the Stucki Family Foundation in Kalamazoo for a fundraising feasibility study for the Fountain of the Pioneers repair project.

BACKGROUND

In the spring of 2012, the Kalamazoo-based engineering firm of Nehil-Sivak completed specifications and estimates for the repair and rehabilitation of the Fountain of the Pioneers and reflecting pools in Bronson Park. The final report estimated that the restoration, including relocation of pumping and utility equipment to a central underground vault and repairs to the fountain and reflecting pools, would cost about \$1.2 million.

The Kohler Intervention Fund for the Midwest and the Michigan Preservation Services Fund annually award grants to assist municipalities and non-profits organizations in preparing plans for the preservation of their historic structures. The two funds combined have awarded the fundraising feasibility study a total of \$5,000. The Stucki Family Foundation, located in Kalamazoo, has offered the Kalamazoo Historic Preservation Commission a matching grant of \$5,000. The grants have been offered to the Kalamazoo Historic Preservation Commission to pay for a fundraising feasibility study.

COMMUNITY RESOURCES CONSULTED

The Historic Preservation Commission subcommittee for the Fountain of the Pioneers was consulted in preparing the grant application. The Commission supports the grants.

FISCAL IMPACT

The \$10,000 in grant monies would be placed in the Historic Preservation Commission's budget for payment to the consultant chosen to prepare the fundraising feasibility study. The Historic Preservation Commission will cover any additional costs for the study from its own funds, up to a total of \$15,000. There will be no fiscal impact on the city's general fund budget.

ALTERNATIVES

The City Commission may elect not to accept the grants. This alternative is not recommended.

ATTACHMENTS

Award letter from National Trust for Historic Preservation
Award letter from the Stucki Family Foundation



**National Trust for
Historic Preservation**

Save the past. Enrich the future.

December 7, 2012

Sharon Ferraro
Historic Preservation Coordinator
City of Kalamazoo
Kalamazoo Historic Preservation Commission
415 Stockbridge
Kalamazoo, MI 49001

Dear Sharon:

It is a pleasure to inform you that your application for a National Trust Preservation Fund grant has been approved. We have allocated \$5,000 from the Michigan Preservation Services Fund and the Kohler Fund to match local funds to help support the Fountain of the Pioneers Fundraising Feasibility Study Project.

The National Trust for Historic Preservation is very supportive of your worthwhile preservation activity. It was selected from a large number of qualified applicants competing for a very limited amount of funds. We hope that this letter of support and financial commitment will assist your organization in raising any additional funds needed for this historic preservation activity.

Acceptance of this grant is indication of your willingness to conduct your project in conformance with the following special conditions:

1. **Required Match.** This grant must be matched with other funding on a one-to-one basis. Evidence of the match must be submitted in the final report required in Paragraph 8.
2. **Competitive Procurement Process.** You agree that all procurement of goods and services shall be conducted in a manner that provides maximum open and free competition. When a procurement exceeds \$25,000, you must seek at least three (3) competitive bids or quotes. (This applies to any procurement greater than \$25,000 that is part of this grant-assisted project, whether financed through National Trust funds or through the matching funds that make up the rest of the project's approved budget.) Although it is not always necessary to select the lowest bid, an explanation for the selection must be documented using the attached Competitive Bid Report Form, which should be retained in your files and made available to the National Trust upon request. You should also maintain procedures to ensure that procurement of goods and services, including consultant services, do not present a conflict of interest.
3. **Equal Opportunity.** You agree not to discriminate against any employee or applicant for employment because of actual or perceived race, color, national origin, creed, age, gender, marital status, sexual orientation, religion, mental and physical disabilities, sex (including pregnancy), personal appearance, gender identity or expression, family responsibilities, genetic information, matriculation, political affiliation or veteran status.
4. **Retention of Records.** You must maintain auditable records of all expenditures under this grant for three (3) years after completion of this grant-assisted project.

5. **Planning for Preservation Work.** Any documents or plans for preservation work that result from the project must conform to the Secretary of the Interior's *Standards for the Treatment of Historic Properties*, as appropriate.
6. **Publicity and Acknowledgement of Grant Assistance.** For your assistance, we enclose a sample press release format for use in publicizing the grant. The National Trust must be listed as a supporter in any printed material and publicity releases. Should material emanating from this preservation activity be published for distribution, appropriate acknowledgement of the Trust's participation should be given using the following statement:

"This project has been funded in part by a grant from the National Trust for Historic Preservation Kohler Fund and the Michigan Historic Preservation Network."

In accepting this grant, the grantee agrees to provide the National Trust for Historic Preservation in the United States with a non-exclusive, royalty-free license to use, and to allow others to use, any reports or other materials funded by the grant.

7. **Project End Date.** The time limit for completing your grant-assisted project will be **one year**, commencing from the date of your grant disbursement from the National Trust. Should any problems arise, a written request for an extension of the project must be submitted to our office for consideration within ten (10) days of the project end date.
8. **Final Report.** Within 30 days of the project end date, you agree to submit a final report and financial accounting on the use of the grant, as well as any materials or reports emanating from the grant to the National Trust. **The final report must be submitted online in the same system used to submit the grant application.** See the "Find Funding" section of our website (www.PreservationNation.org) for the link to that system.
9. **The Requirement of Return of Funds.** The National Trust shall require that you return the grant funds, plus accumulated interest, in the event that you: (1) fail to complete the project as described in your application; (2) fail to complete the project within one year of the disbursement date; (3) fail to obtain written approval from the National Trust prior to making a material change to the project; (4) fail to match the grant funds on a dollar-for-dollar cash basis; or, (5) fail to submit the final report within 30 days of the project end date.

We would like to complete disbursement of funds to your organization as soon as possible. If we do not hear from you by **January 7, 2013** the funds obligated for the project will be returned to our regional fund reserve for the National Trust Preservation Funds program.

Please sign and return the original of this letter to my office as soon as possible as your acceptance of this agreement. By doing this you acknowledge that these grant funds will be used expressly for the purposes described in your grant application and are subject to the conditions contained in this letter of agreement.

Please contact our office for any additional assistance. We are pleased to assist in your preservation project and trust that this grant will prove valuable to your effort.

Sincerely,



Nicky Vann
Director, Administration, Grants, and Awards

CONCUR _____ **DATE** _____
TITLE _____

**Marcia V. Stucki, President
Stucki Family Foundation
2088 South 36th St.
Galesburg, Michigan 49053**

December 14, 2012

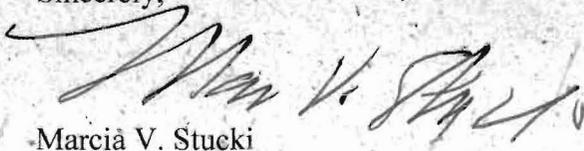
Sharon Ferraro, Historic Preservation Coordinator
City of Kalamazoo
415 Stockbridge Ave.
Kalamazoo, Michigan 49001

Dear Ms. Ferraro,

With this letter, the Stucki Family Foundation confirms that it has awarded a 1 – 1 matching grant, for a total of \$5,000, for the City of Kalamazoo Historic Preservation Commission.

This grant will match the \$5,000 grant recently awarded by the National Trust for Historic Preservation to the KHPC, in support of hiring a certified fundraising consultant to conduct a fundraising feasibility study for *The Fountain of the Pioneers*' restoration and interpretation.

Sincerely,



Marcia V. Stucki

cc: P O'Connor via e-mail



Commission Agenda Report

City of Kalamazoo

Date: **01/22/13**

Item **F6**

TO: Mayor Hopewell, Vice Mayor McKinney and City Commissioners
FROM: Scott A. Borling, City Clerk
DATE: January 16, 2013
SUBJECT: Board and Commission Appointments

RECOMMENDATION

It is recommended that the City Commission approve the following appointments and reappointments to advisory boards and commissions:

- the appointment of **Kris Mbah** to the Community Development Act Advisory Committee as an at-large member for a partial term expiring on March 31, 2013.
- the appointment of **Andre Campbell** to the Parks and Recreation Advisory Board as a youth representative for a term expiring on January 1, 2016.

BACKGROUND

The City Commission must approve the appointment and reappointment of members to Community Development Act Advisory Committee (CDAAC) and the Parks and Recreation Advisory Board (PRAB). The City Clerk's Office receives applications for these boards and forwards them to the staff liaisons and chairperson. It is the responsibility of CDAAC and PRAB to recommend appointments to these boards. The attached Appointee Nomination Report details the nominee's qualifications and the selection process used to make the nomination.

COMMUNITY RESOURCES CONSULTED

None

FISCAL IMPACT

There is no fiscal impact directly associated with this appointment.

ALTERNATIVES

The City Commission could choose to approve this appointment, not approve it, or postpone action to a date certain.

ATTACHMENTS

Nomination Report



Advisory Boards and Commissions Appointee Nomination Report

City of Kalamazoo

RECOMMENDATION

The Community Development Act Advisory Committee (CDAAC) recommends the City Commission approve the appointment of **Kris Mbah** to complete a partial term as an At-Large Representative. Mr. Mbah's term would expire on March 31, 2013. At that time, CDAAC will be submitting a request to appoint Mr. Mbah for a full three-year term.

SPECIAL REQUIREMENTS FOR THIS POSITION

CDAAC membership is open to seven (7) community members-at-large and representatives from the six (6) core neighborhoods.

CDAAC considers funding requests from nonprofit organizations to meet City of Kalamazoo priorities under Community Development Block Grant (CDBG), Emergency Solutions Grant (ESG), and HOME Investment Partnerships. Members of CDAAC are cognizant of community issues, local service providers, and any special restrictions associated with the various funding sources. In order to make informed decisions, the members of CDAAC constitute a microcosm of the community as a whole.

SELECTION PROCESS

Mr. Mbah submitted a formal application through the City Clerk's Office. The CDAAC Nominating Subcommittee received and reviewed his application to fill the vacant seat.

The CDAAC Nominating Subcommittee interviewed Mr. Mbah on January 10, 2013 and felt his qualifications would make him a positive addition to the Board. During the January 10, 2013 regularly-scheduled CDAAC meeting, members of the CDAAC Nominating Subcommittee made their recommendation known to the Board as a whole. A quorum of the CDAAC unanimously approved the recommendation.

NOMINEE QUALIFICATIONS

Dual Board Memberships

Mr. Mbah does not currently service under any other City advisory board.

Residency

Mr. Mbah resides in the Millwood neighborhood. As an At-Large member, Mr. Mbah is not required to reside in one of the CDBG-eligible neighborhoods.

Term Limits

If approved, Mr. Mbah will serve a partial term through March 31, 2013 filling the seat vacated by Mr. Eric Sweet. Mr. Mbah will then be eligible for reappointment for a first full term.

Training, Experience, Education and Skills

Mr. Mbah brings experience from his time working with the Local Initiatives Support Corporation (LISC) as an AmeriCorp member. His employment with LISC allowed him to work with the Sustainable Communities Initiative in the Northside Neighborhood. He has also worked with New Genesis as a youth mentor and with 4-H MSU Extension as a site coordinator. The Nominating Committee felt Mr. Mbah's background and enthusiasm for community development were important to the objectives of CDAAC.

Contribution to Diversity

Mr. Mbah contributes to the ethnic, gender and age diversity of CDAAC.

NOMINATION RATIONALE

Mr. Mbah has demonstrated an enthusiasm for community service and an eagerness to work on the community issues and needs which CDAAC helps to address. He brings a valuable set of experiences to CDAAC, which will be more comprehensive in its decision-making because of his perspectives and involvement.

CITY CLERK'S CERTIFICATION

The nominee's qualifications regarding dual board memberships, residency, and term limits have been reviewed and verified by the City Clerk's Office.

Scott A. Borling, City Clerk



Advisory Boards and Commissions Appointee Nomination Report

City of Kalamazoo

RECOMMENDATION

The Parks and Recreation Advisory Board recommends the City Commission approve the new appointment of Andre Campbell. Mr. Campbell's term would expire February 1, 2016.

SPECIAL REQUIREMENTS FOR THIS POSITION

Members must be residents of the City of Kalamazoo.

SELECTION PROCESS

Applicants Considered

The City Clerk's Office had an application on file for PRAB from Andre Campbell. The Committee reviewed the application and invited him to attend their January meeting.

Interview Process and Final Recommendation

PRAB conducted an interview with Mr. Campbell on January 8, 2013 at their regularly scheduled meeting. Following the interview, the Board discussed the candidate's qualifications and voted unanimously to recommend Mr. Campbell for appointment.

NOMINEE QUALIFICATIONS

Dual Board Memberships

Mr. Campbell is not a member of any other City Advisory Board.

Residency

Mr. Campbell resides in the City of Kalamazoo.

Term Limits

This appointment would represent Mr. Campbell's first term expiring February 1, 2016.

Training, Experience, Education, and Skills

Mr. Campbell expressed a strong interest in parks and recreation and has operated his own lawn service business since the age of 10. He was also interested in communicating with other students to gauge their interest in City parks and programs.

Contribution To Diversity

Mr. Campbell lives in the Oakwood neighborhood.

NOMINATION RATIONALE

Mr. Campbell expressed a strong commitment to the Kalamazoo Parks and Recreation Department. The Board believes that due to Mr. Campbell being a student and his experience operating his own business that he will bring a unique perspective and will be very beneficial to the Board, the Parks and Recreation Department, and the City of Kalamazoo.

CITY CLERK'S CERTIFICATION

The nominees' qualifications regarding dual board memberships, residency, and term limits have been reviewed and verified by the City Clerk's Office.

Scott A. Borling, City Clerk



Commission Agenda Report

City of Kalamazoo

Date: **01/22/13**

Item **G1**

TO: Mayor Hopewell, Vice Mayor McKinney, and City Commissioners

FROM: Kenneth P. Collard, City Manager, ICMA-CM, P.E.
Reviewed By: Jeff Chamberlain, AICP, Director of Community Planning and Development; Clyde Robinson, City Attorney
Prepared By: Andrea Augustine, AICP, City Planner

DATE: January 16, 2013

SUBJECT: Billboard Moratorium Resolution

RECOMMENDATION

It is recommended that the City Commission adopt a resolution issuing a moratorium on internally illuminated, off-premises signs greater than 200 square feet for a duration of six months.

BACKGROUND

At the December 13, 2012 Zoning Board of Appeals (ZBA) Meeting, Adams Outdoor Advertising presented several zoning variance requests for the approval of four digital billboards within the city of Kalamazoo. The resulting discussion made it clear that more information was needed in order to make an informed decision. The ZBA tabled the requests until their February meeting. After additional public input from neighborhood residents to the City Commission, staff was instructed to explore the possibility of creating a moratorium on internally illuminated off-premises signs (commonly known as billboards). Discussions with the City Attorney and Planning staff have resulted in the attached resolution.

The resolution is for a finite amount of time—six months. It is also for a specific purpose—to “study off-premises advertising signs greater than 200 square feet that utilize internally illuminated digital computer controlled electronic displays and recommend changes to the City Zoning Ordinance addressing size, brightness, sequencing of changing copy and where such off-premises signs might be located.” The proposed moratorium forbids any approvals for a sign, building or any other permit, or any approval for a variance or rezoning or other zoning approval regarding an off-premises sign or off-premises sign site for the next six months, while the study is being completed.

COMMUNITY RESOURCES CONSULTED

Community input related to the ZBA variance request and subsequently proposed moratorium was collected at the December ZBA meeting, and via written and verbal correspondence from the public to the City Commission at their January 7th, 2013 meeting.

FISCAL IMPACT

It is possible that the city will forego some minor sign permit fees during the moratorium. Other than that, there is no direct fiscal impact for adopting this resolution.

ALTERNATIVES

The City Commission has the alternative of not approving the moratorium on off-premises signs. In that case, it is possible that potentially non-conforming signs could be erected as staff and stakeholders discuss the proper regulations for internally illuminated off-premises signs over the next six months.

ATTACHMENTS

Billboard Moratorium Resolution

CITY OF KALAMAZOO, MICHIGAN

RESOLUTION NO. _____

**A RESOLUTION ESTABLISHING A SIX MONTH
MORATORIUM REGARDING BILLBOARDS**

Minutes of a regular meeting of the City Commission of the City held on January 22, 2013, at 7:00 o'clock p.m., local time, at the City Hall.

PRESENT, Commissioners:

ABSENT, Commissioners:

WHEREAS, the City of Kalamazoo regulates off-premises advertising signs (sometimes referred to as “billboards”) through its Zoning Ordinance; and as recent advances in technology have permitted off-premises advertising signs to utilize digital computer controlled internally illuminated electronic displays; and

WHEREAS, the existing zoning regulations of the City of Kalamazoo may need to be revised to better reflect the current needs of all stakeholders to better promote the public health, safety and welfare in light of recent advances in digital and LED facing on billboards, and their impacts; and

WHEREAS, prudence dictates that an examination of these issues will require extensive study in terms of possible amendments to the Zoning Ordinance pertaining to land uses, zoning classifications and other requirements; and

WHEREAS the City Commission finds that it is necessary to undertake this examination of such technologies, the current zoning regulations and possible amendments to the Zoning Ordinance or other regulatory ordinances to avoid the creation of non-conforming uses and to ensure consistent, cohesive and sensible development in the City; and

WHEREAS, the City Commission concludes that during the pendency of such examination and review of the Zoning Ordinance it would be counterproductive should new or continued development relating to off-premises advertising signs that utilize digital computer controlled internally illuminated electronic displays be permitted to move forward; and

WHEREAS, the City Commission further concludes that, there should be a deferral of review of new off-premises advertising signs that utilize digital computer controlled internally illuminated electronic displays and determines that the process for study, consideration and final adoption of any revisions to the City Zoning Ordinance may take at least six months

NOW THEREFORE BE IT RESOLVED that the City Commission of the City of Kalamazoo that a moratorium is declared effective immediately for a period of six months regarding the construction, placement, replacement, alteration, rebuilding or installation of any off-premises sign structure with a sign face greater than 200 square feet anywhere in the City, as well as the issuance of any zoning approval or variance, sign permit or building permit for the same; and

BE IT FURTHER RESOLVED that no new off-premises sign be installed or constructed within the City and no existing off-premises sign with a sign face greater than 200 square feet shall be replaced, altered or rebuilt, specifically no existing off-premises sign or face of an existing off-premises sign shall be altered or converted to a digital, LED, or internally illuminated display format;

BE IT FURTHER RESOLVED that, for a period commencing on the date of this Resolution and terminating six months from the date of this Resolution, there shall be no consideration, processing or other action taken by a City entity, official, and/or agent on a proposal for the establishment of an off-premises advertising sign with a sign face greater than 200 square feet utilizing digital computer controlled internally illuminated electronic displays, including but not limited to any requests for a sign, building or any other permit, or any request for a variance or rezoning or other zoning approval regarding an off-premises sign or off-premises sign site.

BE IT FURTHER RESOLVED that the City Planning Commission, along with City Planners and City officials, shall forthwith proceed to study off-premises advertising signs greater than 200 square feet that utilize internally illuminated digital computer controlled electronic displays and recommend changes to the City Zoning Ordinance addressing size, brightness, sequencing of changing copy and where such off-premises signs might be located.

The above resolution was offered by _____ and supported by _____.

AYES, Commissioners:

NAYS, Commissioners:

ABSTAIN, Commissioners:

RESOLUTION DECLARED ADOPTED.

CERTIFICATE

The foregoing is a true and complete copy of a resolution adopted by the City Commission of the City of Kalamazoo at a regular meeting held on _____, 2013. Public notice was given and the meeting was conducted in full compliance with the Michigan Open Meetings Act (PA 267, 1976). Minutes of the meeting will be available as required by the Act.

Scott Borling, City Clerk

RES\BILLBOARD MORITORIUM
1-11-13



CITY MANAGER REPORT
January 22, 2013

1. Departmental Reports and Project Updates

2. Special Reports:
 - a. November 2012 Purchases
 - b. December 2012 Purchases

City Manager's Report

JANUARY 22, 2013

Administration & Finance

➤ Assessor

Connie Darling has retired as City Assessor and is now enjoying her winter in Florida. Newly appointed City Assessor, Aaron Powers of WCA Assessing have started his tenure by taking the constitutional oath of office and officially notifying the State Tax Commission of the change in assessor of record. Aaron Powers is coordinating activities among City staff and the contracted workers to finalize the 2013 assessment roll, which will be done in February.

Andrew Falkenberg has been promoted to the Deputy Assessor/Deputy Treasurer position and is now working with the soon retiring Wayne Nelson in that transition.

➤ Budget and Accounting

Staff has completed processing for 182 of 218 Early Retirement Incentive participants.

FY 2013 Tax Anticipation Notes were competitively sold on January 8, 2013 at a true interest cost of 0.324854 to PNC Capital Markets.

➤ Purchasing/Risk Management

Working with various City departments, bid documents were prepared and distributed through the City's website for three purchasing projects.

Completed the formal training of purchasing staff for City for Kalamazoo's purchasing policies and functions.

Insurance renewals for 2013 were approved and put into place

Purchasing staff are administering prevailing wages for eight construction contracts

➤ Treasury

Summer Tax Bills – The final summer tax installment bill for 2012 was issued in December. As of the end of December, 93.7% of the summer tax bills were collected.

Winter Tax Bills Issued – 24,825 winter tax bills were issued with a total tax amount of \$38,682,612.13. As of the end of December, 38.1% of the winter tax bills were collected. Taxpayers have until February 14, 2013, to pay these bills without penalty.

Community Planning & Development

➤ Planning

At the December 6, 2012 Planning Commission meeting, the Commission voted to recommend approval of a rezoning request for 1718 S. Park Street for the Rx Optical Company to allow for an expansion of their office building. The Commission also recommended approval of the Capital Improvement Plan for 2013. Three site plans were processed in December as follows:

1. New barbershop building and use at 1101 Riverview Drive
2. New barbershop use in existing building at 1014 Mills Street
3. New club assembly use in existing building at 616 Portage Street

➤ Zoning

At the December 13, 2012 Zoning Board of Appeals meeting, the Board approved the following:

1. A variance to allow gravel instead of ground cover between a protective guardrail and a screening fence for Kalamazoo Metal Recycler's proposed storage yard on the following parcels: 1609 and 1737 Lake Street; 1520, 1600, 1802, 1808 and 1820 E. Vine Street.
2. A dimensional variance to allow the erection of two 100 square foot wall signs for Art Van's Pure Sleep Mattress Store at 330 N. Drake Road.

The Board tabled four requests for the installation of LED billboards by Adams Outdoor Advertising to the February agenda. The billboard locations are 111 Portage Street, 4408 W. Main Street, 425 Beekman Court and 618 E. Michigan Avenue.

➤ Building & Trades

In the month of December, 2012 there were 425 permits issued, representing \$3,925,951 in construction valuation. These figures brought year-to-date permits to 2,931 representing year-to-date construction valuation of \$50,650,500.

➤ Community Development

The Community Development Act Advisory Committee (CDAAC) continues to evaluate the applications received for Program Year 2013 Community Development Block Grant and HOME Investment Partnership Program funds.

CDAAC completed their application review in December and will present their draft recommendations on January 10, 2013. Staff distributed a Request for Proposals on December 10, 2012 to solicit a consultant to assist with data research for a new Consolidated Plan and Analysis of Impediments to Fair Housing, both of which are required every five years by HUD. Both plans should be finalized by spring 2014.

Community Planning & Development has spent \$8.5 million in Neighborhood Stabilization Program 2 (NSP2) funding to date which equals 95% of the total grant. Builders from the Home Builders Association of Greater Kalamazoo have completed the Marketplace development with the construction of 23 homes. 18 Marketplace homes have sold and several sales are pending. Staff also completed the rehabilitation of ten homes through NSP2. Seven homes have sold and two sales are pending.

Economic Development

- Staff has been in negotiations with prospective developers on five potential brownfield redevelopment projects relating to additional downtown and near downtown redevelopment. Staff has been working with development teams, internal staff, Southwest Michigan First and the MEDC to support separate redevelopment projects.
- Demolition activities at the former Sun Chemical Company property located at 1807 N. Pitcher Street have been completed and bollards have been put in place to prevent trash from being dumped on the property in the future. This property is owned by the county and the demolition was paid for with County funds but managed by the City's Economic Development staff. Arrangements are now being made for the property to be transferred to the Brownfield Redevelopment Authority for redevelopment purposes.
- Annual Tax Increment Financing reimbursement checks have been mailed to the developers of brownfield sites.
- Staff is in the process of closing out the City Hall Energy Efficiency and Conservation Block Grant (EECBG). Grant-funded activities included completion of various retrofit activities and the completion of a lighting study. Specific activities included the following:
 - Replaced a 40 year old chiller that was no longer operational.
 - Replaced compromised and aged windows with high-performance and historically-representative alternatives. The historic exterior windows were refurbished and all interior storm windows were replaced with high-efficiency interior storm windows.
 - Removed and replaced a leaking multiple roof membrane system with a sustainably designed high-performance (partially vegetated) alternative, with recycling of the old membranes.

- Completed a lighting study that evaluated existing lighting, energy and emergency lighting standards, and Consumers Energy Company rebates. The study then included recommendations for lighting upgrades with costs and estimated annual energy savings.

Human Resources

➤ January Training Schedule

Class Title	Date	Time	Location
DBM Classification System Training	1/22/2013	3:00pm - 4:30pm	City Hall (Community Room)
Coaching, Counseling and Discipline Training	1/24/2013	8:30am - 12:00pm	City Hall (Community Room)
Fraud & Abuse Prevention Training and Ethics Policy Review	1/30/2013	9:00am - 11:30am	City Hall (Community Room)

Information Technology

➤ No report

Parks & Recreation

➤ Administration

The Winter Activity Guide has been delivered to the office and will be distributed to the schools in early January. All winter classes begin the end of January. The Winter Activity Guide is distributed through the Kalamazoo Public Schools, neighborhood associations, Chamber of Commerce, City Hall and our City website.

Director Sean Fletcher attended a Strategy Session that focused on “Placemaking” in East Lansing on Monday, December 17, 2012. Rodney Stokes, Special Advisor to the Governor attended the meeting and encouraged Parks & Recreation Directors, Supervisors, Recreation Advisory Board Members, and other administrators to embrace the concept of “placemaking” as it relates to the future of Parks & Recreation.

➤ Parks

Staff met with David Brose, Jeff Chamberlain and Sharon Ferraro to discuss the Iannelli Fountain in Bronson Park. A Request for Proposal to conduct a feasibility study to determine if funds can be raised to renovate the fountain/sculpture is being developed.

LaCrone Park Phase 2 park improvement project is well underway with completion expected by the end of spring 2013.

Staff worked closely with event organizers for the Annual One One Run at Spring Valley Park and also the New Year's Festival at Bronson Park.

➤ Recreation

Parks & Recreation have partnered with the Western Michigan University Medallion Scholars for the Tutor Time program held at the Youth Development Center. During the fall, there were approximately seven youth signed up for the tutoring program, where they received help with homework in all academic subjects. They improved comprehension in reading, writing, math and other subjects with encouragement and motivation to excel. The Scholars have committed to partnering with us again for the winter/spring sessions.

As part of the holiday party for the fourteen participants of the Oakwood After School program, the youth decorated cookies and enjoyed a field trip downtown to Bronson Park, walking through candy cane lane and admiring the holiday lights. Some of the participants had never been downtown to see the festive decorations and displays in Bronson Park.

Santa's Workshop was held the first Friday in December during the Art Hop at the Youth Development Center. Approximately 250 people walked through the Center, while approximately 70 children participated in making gifts for the holiday. Projects included ornaments, leather jewelry, and giant stockings for display, banks, door hangers and more. Cookie decorating was an extra along with hot chocolate. During the event the choral group Bell, Book and Canto sang.

The 7th Annual Candy Cane Hunt took place in Bronson Park on December 1, 2012. This year was the highest participation since the events inception, with 470 participants, which is up 200 from the previous year. There were over 20 volunteers from the WMU band, ten volunteers from Kalamazoo Central High School, Family Career & Community Leaders of America, six volunteers from Young Non-Profit Professional Network, and two Portage Central High School students. The downtown businesses donated over 1,740 candy canes, 30 mini pre-stuffed stockings, and \$740 in monetary donations. Those monetary donations were used to purchase toys, games, coloring books etc. that were stuffed by Santa's helpers (i.e. Parks & Recreation staff) into thirty 24" stockings and six over-sized Santa Sacks that were given away via a random drawing at the event.

The Turn 2 Foundation invited 25 participants from the summer baseball clinic to their annual Holiday Express party. Ten youth from the clinic were able to attend the Nutcracker Ballet, in Grand Rapids at Devos Hall. The participants were fed dinner prior to the ballet and snacks for the bus ride back to Kalamazoo. They also received a gift bag filled with New York Yankee paraphernalia.

Pete Aerts, Program Coordinator, met with Karen Anderson, Physical Education teacher at Kazoo School, to observe, discuss, and exchange games, activities and new ideas that could be incorporated into our summer camps. Karen Anderson made copies of over 35 games she uses at Kazoo School that we can add to our manuals. In exchange Pete Aerts provided her with copies of our training packets that included games and activities, she could implement at Kazoo School.

➤ **Farmer's Market**

The People's Food Co-Op has accepted as the new managers of the Kalamazoo Farmers' Market. While paper work is still in progress, a meeting was held to discuss several important items including insurance, facility inspection prior to the market starting, and general operation of the Market. They were provided with a list of current vendors and will be posting the Market Manager position shortly.

Public Safety

- Public Safety participated in two different Shop-with-a-Cop events for the children of the City of Kalamazoo. They also participated in the annual Holiday food drive.
- In December, Detectives completed an extensive homicide investigation into the murder of Joseph Salib from October 2010. The investigation was presented to the Kalamazoo County Prosecutor's Office where warrants were issued for Randy Smith for Open Murder and Ricky Dixon for Perjury. Both have been arrested.
- Detectives also completed a second homicide investigation of Jheryl Wright from September 2012. Warrants were issued and with the assistance of the FBI Fugitive Task Force in Atlanta, GA, suspects Clarence Ross and Duncan Williams are in custody awaiting extradition back to Michigan.
- In late December, detectives investigated a murder-suicide in the Millwood Neighborhood. Nawfal Rachdi murdered his estranged wife, Andrea Loynes in their home and then killed himself. Toxicology results are still pending.
- KVET investigated 99 meth labs for 2012.

Public Services

- The removal of trash from Downtown and the Trailways is being done on Fridays and Mondays with no reported issues from the contractor or patrons/business owners. This will continue to be monitored closely. Staff is also meeting with Downtown Kalamazoo Inc. to coordinate trash and maintenance issues in Downtown.
- 2012 Major and Local Street projects are complete. Staff is working on finalizing quantities with the contractor. 2013 Major and Local streets are being logged and staff is working on putting together a bid package. It is expected to be out to bid in late February or early March.
- Pilot study for Station #18 will begin in January to evaluate iron/manganese removal option. The goal is to improve water quality and reliability in the Millwood area.
- Working on spring flushing schedule for some time in April. This is being coordinated between Field Services and Water Supply to ensure the best results with the least interruptions to service.
- There were no NPDES violations during the month of December. Work continues to address on-going odor concerns.
- Meeting scheduled with MDOT Enhancement personnel for January to discuss specific issues regarding railway routing along Norfolk-Southern/Amtrak rails as well as newly proposed downtown route. New Federal highway funding legislation limits the amount of Transportation Alternatives money available. This could mean smaller segments per year in order to complete the system. State priority continues to be completion of the east-west trail to Fort Custer. Design consultants have been given go-ahead to complete design of connecting trail from Academy to Westnedge/Kalamazoo.
- Leaf pickup went very well. Additional training for Winter Operations with new employees has begun.
- Crews are salting streets as needed and continue to train employees as well. The Forestry crews continue to trim and cut trees as needed.
- Meeting with Tower Pinkster on or about the 28th of January to get the draft report and review their findings/prioritization for electrical and HVAC systems at City Hall. Met with Johnson Controls on January 18th to discuss energy savings at all facilities.

Transportation

➤ Ridership

December's ridership has not as yet been calculated. The ridership report for November 2012 indicates a total of 271,388 passenger trips taken on Metro Transit fixed route service. This is an increase of 23,639 passengers (+ 9.5%) from November 2011. Additionally, there were a total of 4100 ADA trips taken. This is an increase of 82 rides (+2.0%). There were 6953 rides on Metro County Connect countrywide, also an increase of 405 trips (+6.2%) from November 2011. When you include 820 Specialized Service trips, which is an increase of 347 (+73.4%) over November 2011, the system total for November 2012 was 283,261 rides provided, or a 9.5% increase over November 2011.

➤ Diesel Fuel

Metro Transit purchased 18,000 gallons of diesel fuel at \$3.0838 per gallon on December 28, 2012, the last purchase for 2012. The average year to date price is \$3.1380. Diesel fuel is budgeted at \$2.75 per gallon for 2012. Year to date through December 28, 2012 we have spent \$1,214,427 on diesel fuel.



INTEROFFICE MEMO

RECEIVED
DEC 17 2012
CITY MGR'S OFFICE

To: Kenneth P. Collard, City Manager, ICMA-CM, P.E.

From: Nicholas Lam, CPPO, Purchasing Director *N. Lam*

Date: December 14, 2012

Subject: November 2012 Purchases

I am forwarding for the City Commission, and your information, a summary of the purchases and change orders between \$50,000 and \$100,000 administratively approved during November 2012.

c: Thomas Skrobola, Director of Management Services, CFO

**November 2012
PURCHASES ADMINISTRATIVELY APPROVED BETWEEN \$50,000 AND \$100,000**

DESCRIPTION	VENDOR Location	MBE/WBE?	AMOUNT	COMMENT
Purchase 2 detective vehicles	Berger Chevrolet Grand Rapids, MI	No	\$59,164.00	Cooperative purchase
Purchase 18,000 gallons of diesel fuel	Lemmen Oil Company Coopersville, MI	No	\$56,502.00	Accepted low bid
Purchase 18,000 gallons of diesel fuel	Lemmen Oil Company Coopersville, MI	No	\$61,308.00	Accepted low bid

**November 2012
CHANGE ORDERS ADMINISTRATIVELY APPROVED BETWEEN \$50,000 AND \$100,000**

DESCRIPTION	VENDOR Location	MBE/WBE?	COMMENT
There were no change orders between \$ 50,000 and \$ 100,000			



INTEROFFICE MEMO

To: Kenneth P. Collard, City Manager, ICMA-CM, P.E.

From: Teresa T. Johnson, Purchasing Manager

Date: January 14, 2013

Subject: December 2012 Purchases

I am forwarding for the City Commission, and your information, a summary of the purchases and change orders between \$50,000 and \$100,000 administratively approved during December 2012.

c: Thomas Skrobola, Director of Management Services, CFO

December 2012 PURCHASES ADMINISTRATIVELY APPROVED BETWEEN \$50,000 AND \$100,000

DESCRIPTION	VENDOR		AMOUNT	COMMENT
	Location	MBE/WBE?		
Purchase 18,000 gallons of diesel fuel	Petersen Oil Company Greenville, MI	No	\$56,340.00	Accepted low bid
Purchase 18,000 gallons of diesel fuel	Brenner Oil Company Holland, MI	No	\$55,507.50	Accepted low bid
Lift Station Improvements at Woods Lake & Whites Lake	Kerr Pump & Supply Company Oak Park, MI	No	\$57,380.00	Sole Source

December 2012 CHANGE ORDERS ADMINISTRATIVELY APPROVED BETWEEN \$50,000 AND \$100,000

DESCRIPTION	VENDOR		COMMENT
	Location	MBE/WBE?	
There were no change orders between \$ 50,000 and \$ 100,000			



COUNTY-WIDE PUBLIC TRANSPORTATION SYSTEM WHITE PAPER

December, 2012

Kalamazoo City Manager Kenneth P. Collard
Kalamazoo County Administration Peter Battani
Kalamazoo Transportation Director William Schomisch
Kalamazoo County Transportation Authority Executive Director Sean McBride

TABLE OF CONTENTS

	<u>Page</u>
I. Executive Summary	1
II. Introduction	2
III. Assumptions and Ground Rules	3
IV. Definition of Terms	5
V. Transportation System	
a. History	6
b. Current Status & Recent Developments (Ownership, Governance, Operations and Finance)	10
VI. Findings & Conclusions	26
VII. Recommendations	28

D R A F T

EXECUTIVE SUMMARY

Following a meeting on September 11, 2012 regarding the county-wide transportation system, representatives of the Kalamazoo City Commission, the Kalamazoo County Board of Commissioners, the Kalamazoo County Transportation Authority (KCTA), and the Kalamazoo Transportation Authority Board (TAB) met with the following administrative leaders, Ken Collard representing the City, Peter Battani representing the County, Bill Schomisch representing TAB and Sean McBride representing KCTA, to describe the outcomes of the above referenced meeting and to charge them as an administrative work group (AWG) with: “developing a joint recommendation for achieving the goal of an integrated, county-wide transportation system that:

- Provides quality service to county residents,
- Operates efficiently, and
- Is sustainable -or is as sustainable as possible in an uncertain funding environment.”

This white paper presents the analysis, findings, conclusions and recommendations of the AWG over the last six weeks concerning the operations, finance, ownership and governance of our transit system. We recommend a three-phased approach over the next three years to further advance along the continuum of an integrated county-wide transit system. This phased-approach is based on an analysis, findings and conclusions with regard to governance, ownership, operations and finance of our transit system. We believe the overall political climate within Kalamazoo County supports the further advancement of county-wide transit. At the same time, we are also concerned about the long-term financial sustainability of the public transit system, given property tax reductions and impending budgetary reductions at the State and Federal level. In this environment, we believe the most prudent way to proceed is together in a spirit of cooperation, transparency, and with buy-in and support from the greater Kalamazoo County community.

Phase I will incorporate several measures to further integrate governance and operations and will last approximately 18 months.

Phase II will commence upon the completion of Phase I and will analyze and determine the most cost-effective way to deliver transit services to the county-wide community. During this phase, we will revisit some of the conclusions of the 2008 Plante Moran as a starting point. If the conclusion of Phase II is to proceed with transfer of ownership from the City to KCTA, it must be done in such a way as to hold the City’s General Fund harmless and not jeopardize bus service to residents of either the City or remainder of the County. Phase II will take approximately 18 months.

Phase III will incorporate recommendations arising out of Phase II.

INTRODUCTION

Following a meeting on September 11, 2012 regarding the county-wide transportation system, representatives of the Kalamazoo City Commission, the Kalamazoo County Board of Commissioners, the Kalamazoo County Transportation Authority (KCTA), and the Kalamazoo Transportation Authority Board (TAB) met with the following administrative leaders, Ken Collard representing the City, Peter Battani representing the County, Bill Schomisch representing TAB and Sean McBride representing KCTA, to describe the outcomes of the above referenced meeting and to charge them as an administrative work group (AWG) with:

“developing a joint recommendation for achieving the goal of an integrated, county-wide transportation system that:

- Provides quality service to county residents,
- Operates efficiently, and
- Is sustainable -or is as sustainable as possible in an uncertain funding environment.”

In making the charge to the AWG, suggestions/comments were made as follows:

- 1) The recommendation should include answers to the questions of
 - What the transportation system should look like?
 - How it will be funded?
 - How it will be organized, operated and governed?
 - How the outstanding issues will be resolved?

- 2) There is a mutual desire to:

Ensure – to the extent possible – that all users of public transportation services be assured of continued quality, safe and efficient public transportation;

Hold the City of Kalamazoo General Fund harmless;

Ensure that the integrated system is cost effective.

Since receiving the charge, the AWG has met on several occasions and, with the able assistance of Tim Fallon, have analyzed most relevant data, historical events and political dynamics, conceptualized the alternative futures and formulated the recommendations and phased implementation of same as presented in this document.

ASSUMPTIONS AND GROUND RULES

Assumptions

With the facilitation of Mr. Fallon, the AWG mutually agreed to a set of assumptions and ground rules for our work. They are:

Make decisions about the future of the transportation system guided by the long-term vision of an integrated, county-wide system.

Use a phased approach to implementation, working methodically in the direction of the vision.

Focus on the “art of the doable” – what we can accomplish now to move in the direction of the vision.

- Manage risk and minimize any downsides – taking a pragmatic approach in determining how to move forward.
- The need for and importance of the county-wide transportation system will continue to evolve based on a variety of factors including:
 - The economy
 - Gas prices
 - Demographic trends
- The sustainability of the county-wide transportation system requires a supportive electorate that:
 - Has an evolving view of the need for and importance of the county-wide transportation system, and
 - Continues to increase its ownership for funding the system.
- The successful approval of upcoming millage requests is essential for ensuring the continued operation of the system but is not sufficient to ensure the long-term sustainability of the system.
- Continue to build the vital partnership between the City of Kalamazoo, Kalamazoo County, KCTA and TAB necessary to ensure the long-term success of the system.
- Strengthen this partnership in support of the transportation system with other governmental jurisdictions and vested interests in Kalamazoo County.

Ground Rules

Confidentiality

- Between meetings with the elected officials, the AWG will keep the status of their work confidential.
- If required, those leaders will only provide a brief summary on the status of the work. (For example: “We had a positive meeting, agreed to provide our recommendations in a white paper, and work on that is progressing.”)
- There will be no media contact while these efforts are underway.

Consensus Recommendations

- The white paper will outline clear recommendations based on objective, rational analysis.
- Although individuals and/or sub-groups will develop portions of the white paper outside of meetings, these will set the stage for discussion in order to make consensus decisions.
- The white paper that results will represent the consensus agreement of the AWG. There will not be a minority report.

Spirit of Cooperation

- As the offline work is carried out, the AWG will promptly respond to requests for information.
- A spirit of open and committed dialogue will characterize the work.

DEFINITION OF TERMS

Integrated county-wide public transportation system – a transportation system serving Kalamazoo County that has its various elements combined and coordinated so as to provide a unified whole.

Quality service – service that provides transportation such that customer's expectations are met with performance that is economically competitive.

Efficient operations – operations that function in the best possible manner, minimizing waste of resources.

Sustainable – meeting the needs of today without compromising the ability to meet future needs.

Finances – management of money and other resources of a corporate body.

Operations – management of ongoing, recurring activities involved in running an enterprise.

Governance – exercise of oversight and policy making authority for a given area of responsibility.

Ownership – the rights and duties of the party holding legal possession of real, personal or intellectual properties.

Pragmatic – having to do with the actual practical affairs of a state or community not with theory or speculation especially as to their causal relationships.

TRANSPORTATION SYSTEM

a. History

- Because of continued financial losses by the private bus operator, National City Lines, Kalamazoo City residents voted in late 1966 to acquire ownership of the system. As a result, Kalamazoo Metro Transit was established on January 1, 1967. From 1967 to 1974, Kalamazoo Metro Transit focused most of its attention on increasing ridership through improved route structure, as well as the purchase of new vehicles.
- From 1975 thru 1976, Metro Transit used Federal and State funds to re-organize, improve, and promote services. Bus routes were revised and expanded, waiting time between buses was reduced from 90 minutes to 30 minutes, passenger comforts were encouraged, and fares were reduced from \$0.30 to \$0.25. These improvements, along with gasoline shortages at the time, resulted in a 40% increase in ridership to 1.6 million riders in 1976.
- By 1977, service had reached into the surrounding communities of Portage, Parchment and the township of Comstock, Oshtemo, Kalamazoo and Schoolcraft. Ridership climbed to 2 million passengers for the first time in 24 years. A new administrative office and maintenance facility was constructed at 530 N. Rose Street, where it stands today.
- In 1980 Metro Transit replaced its entire fleet of 34 1967 coaches, and added 20 additional coaches for the purpose of system expansion. All 54 coaches were purchased with wheelchair lifts, making Kalamazoo Metro Transit the first 100% fully accessible bus fleet in Michigan. Ridership levels grew at a phenomenal rate and peaked at 3.5 million in 1980.
- Due to cut backs at Federal, State and local levels, Metro Transit was forced to reduce its overall budget over \$1.9 million between 1981 and 1986. Service reduction during off peak hours and Saturdays were implemented. Staff positions were cut and fares were increased. Ridership levels fell to just under 1.9 million riders in 1986.
- In 1985 the Kalamazoo City Commission appointed a Transit Authority Board of Directors to examine funding alternatives for the provision of continued transit services. After several months of deliberations, the Transit Authority Board voted to ask the citizens of Kalamazoo to support the system with a 0.5 mil levy each year for two years. That ballot request was defeated by only 29 votes.

- In 1986, the Transit Authority Board returned to the voters to request a 0.5 mil levy each year for three years. That referendum passed by a 3 to 2 margin.
- Between 1987 and 1989, the system's financial base was stabilized and the focus was on improved service delivery. 1990 through 1993 saw continued improvement in fleet maintenance and coach operator retraining programs. The 3 year special transit millage was renewed in 1992, and ridership continued to increase in spite of a fare increase to \$0.90 per rider. A service plan was developed for the implementation of the federally required ADA complimentary para-transit service in 1994. In 1994 the department's focus was on the implementation of the new ADA required para-transit service called Metro Van. The adult cash fare was increased to \$1.00. From 1995 through 1997, our para-transit service continued to expand; a new 1.0 mil levy was over-whelming approved by the voters for another 3 year period. 1000 new bus stop signs were installed in the spring of 1996,
- 1998 proved to be a substantially progressive year for Metro Transit. In January, Metro Transit began providing campus bus service under a pilot project with Western Michigan University and, starting in August of 1998, all Metro Transit routes were extended until 10:15 p.m. based upon passage of the levy increase to 1.0 mil.
- 1999 saw the continued privatization of ADA services through a new 3 year contract with Life EMS. Additionally, Metro Transit received Federal funding for the purchase of bike racks on all buses. More than 2 million passenger trips were provided in 1999.
- 2000 through 2002 saw 9 replacement buses, increased frequency during peak hours, half fare for seniors and people with disabilities, a new 3 year contract with WMU, a new 3 year millage approved by the voters with a 78% to 22% margin. Using previously acquired Federal and State capital funding, Metro Transit purchased property for the eventual construction of the downtown transportation center. Ridership topped more than 2.3 million and a new one day ridership record was set on Election Day, 2002 when 17,923 rides were provided.
- 2003 through 2005 saw the addition of replacement coaches, a \$0.10 fare increase to \$1.25, and a new 3 year contract for ADA service. Additionally, an agreement was reached with Kalamazoo County that the County Care-a-Van program should be taken over by Kalamazoo Metro Transit. A funding dispute between the City and the County had resulted in the issue being placed in the hands of the KATS Policy Committee who eventually agreed that Care-a-Van should be transferred to Metro Transit. They also agreed that a county-wide transportation authority should be formed to

develop a more regional approach to service delivery. On March 1, 2005, Care-a-Van changed hands and became an operating entity of the Kalamazoo Metro Transit System.

- 2006 saw the addition of four replacement buses, a general fare increase to \$1.35, the creation of the Kalamazoo County Transportation Authority by the Kalamazoo County Board of Commissioners, and the opening of the new Kalamazoo Transportation Center providing Amtrak service, intercity bus service with Indian Trails and Greyhound, and Metro Transit intra-city fixed route service.
- Also in 2006, the KCTA placed a two year levy request on the ballot for 0.45 mils. That ballot question passed with 51% of the voters in favor (64% of city voters and 48% of non-city voters approved). Levy revenue covered demand/response service county-wide, Portage fixed route service, and the replacement of all jurisdictional service contracts.
- 2007, three new Portage routes were implemented based on the passage of the 2006 KCTA millage. Also that year, the City of Kalamazoo voters renewed their 1.0 mil levy for one additional year (2008).
- 2008 also saw the expansion of Care-a-Van service hours and days to match the Metro Transit fixed route service.
- Also in late 2008, with both the county wide and the city millage set to expire at the end of 2008, the KCTA placed a county wide ballot question for the next four years. That millage, if approved, would cover all public transit within Kalamazoo County. Unfortunately, that county wide ballot question failed 58% to 42% (56% of city voters and only 37% of non-city voters approved) and the system was required to run on fund balances for all of 2009.
- In January of 2009, the City Administration and County Administration partnered in a tactical plan to stabilize Metro Transit's local funding base. Phase 1 would be a KCTA request county-wide to fund all Demand/Response services and line haul services outside the City of Kalamazoo. Phase 2 would be a new request to the City of Kalamazoo voters only to support all fixed route services in the City. And finally, phase 3 was to have the Kalamazoo City Commission and the Transit Authority Board approve a general fare increase from a \$1.35 to a \$1.50 with a half fare program for seniors and persons with disabilities all day long.
- In May of 2009, KCTA received voter approval (63% of all voters, 82% of city voters and 56% of non-city voters approved) for a four year 0.4 mil request and in November of 2009 city residents approved (76% approval) a three year 0.6 mil request for all line haul services in the city. As a result,

City taxpayers saw their tax bills scaled back from 1.45 mills to a combined 1.0 mil total which is what they have been previously paying for services since 1998.

- In 2010, the County and City Administrations, together with the KCTA developed a “Transportation Roadmap” with three objectives: 1) Create an integrated, county wide transit system, 2) Optimize transit systems operational efficiency and 3) Ensured the sustainability of the system. A three year action plan was initiated at that time. Also in 2010, the Care-a-Van and Metro Van programs were combined into Metro County Connect for greater efficiency and productivity.
- As a result of the failure of the county-wide ballot question in 2008, it became clear to all parties that there needed to be two separate millages within the county: a millage to support demand/response services county-wide, and an urban area millage to support all line haul operations. The KCTA was successful in 2011 in getting PA 196 amended through the State Legislature to allow the creation of a second transit authority within the county. The bill allowed the same board to be the governing body for both authorities. Metro Transit implemented short term service improvements as part of an adopted ten year Comprehensive Operational Analysis. Also in 2011, the KCTA began a search for an Executive Director, and the system provided 2,778,000 rides.
- In 2012, the KCTA appointed their first Executive Director who began work in March of that year and has been working with all local jurisdictions to enhance the profile of public transit in Kalamazoo County. Metro Transit opened a 2,500 square foot administration office building addition in March.
- On November 6, 2012 Kalamazoo citizens voted 16,213 to 9,531 to approve a 0.6 mil renewal levy for fixed route service in the City of Kalamazoo for 2013-2015. The 70% to 30% margin would allow Metro Transit to collect approximately 1 million dollars annually for the three year period.

b. Current Status And Recent Developments (Ownership, Governance, Operations And Finance)

Current Status and Underlying Issues

The present state of public transit governance and ownership is a mix created by history and circumstances. The governance structure involves two entities: the City of Kalamazoo (including the TAB) and the Kalamazoo County Transportation Authority. The City owns the system and all assets associated with it. The City exercises governance over the City's operating millage, system assets and operations, such as determining fares, routes, and wages and benefits of city employees. KCTA governance over the county-wide millage includes determining how to expend millage proceeds, consistent with voter-approved authority.

Utilizing the definition of "integrated county-wide transportation system" which references "elements" of the system to be "combined and coordinated" to create a "unified whole" and drawing on the image of a scale to portray the range of integration between polar extremes, a template for organizing graphic and narrative representations of the transportation system's integration relative to both existing and future models can be derived.

Implicitly, the definitions create four elements of the transportation system, operations, finance, governance and ownership, which when combined represent the total system. If the scale of integration ranged from fragmented (0%) to integrated (100%), an evaluation could establish existing and future states of integration. A preliminary scan of the existing state suggests the following levels of integration within the City organization:

Operations – 95%+
Finance – 80%
Governance – 70%
Ownership – 95%+
System – 85%+

While these estimated percentages are subjective, it is true that:

- The City and/or its Metro Transit department functionally own and operate the system as it exists today.
- Financial management, with the exception of generating revenue by way of the levying of a millage for county wide demand response services and non-city line haul services, is executed by the City.
- Governance, with an authority created by each of the City and the County and policy oversight provided by the City Commission, is the most fragmented element of the system.

The creation of an “integrated county-wide transportation system” (moving from 85%+ toward 100%) will be a challenge due to a number of factors including but not limited to: State statutes, Federal and State funding, local funding, millages, fares, vested interests, a variety of political, economic and social conditions, and the concept of diminishing returns.

To overcome institutional inertia and provide the momentum necessary to overcome the inherent challenges all vested interests will need to be clearly identified and fully engaged. Essentially the questions of risks and rewards must be satisfied with answers that provide a clear, tangible and compelling positive cost/benefit relationship that justifies the integration of the transportation system and/or a fundamental transference of the system’s ownership.

The entire county-wide community has a stake and interest in the continued sustainability and potential growth of the public transit system.

Our most challenged populations, throughout the county, depend on transit services to meet their basic needs; consequently, minimizing risk relative to service sustainability is paramount, with potential rewards such as equitable cost distribution, unity of command or economies of scale being assigned a lower priority.

Recent Developments

Since the 2010 Plan for the County-wide Transportation System was developed, a significant number of changes have taken place. A summary of those changes is outlined below.

Leadership Changes

- Sean McBride has assumed the role of Executive Director of Kalamazoo County Transportation Authority.
- Bill Schomisch, City of Kalamazoo Transportation Director, has announced his retirement.
- Approximately 20 employees from the City of Kalamazoo’s Transportation Department have taken advantage of the City of Kalamazoo’s Early Retirement Initiative.

Second 196 Authority

- Special legislation was enacted – with the support of the Governor and the Speaker – to amend Public Act 196 in order to establish a second 196 Authority for Kalamazoo County. The County Board would establish the boundaries of this second Authority. This will allow for a separate millage in the urban areas of the county to support line haul service.

The current county-wide demand/response millage and the new urban line haul millage will have to be coordinated in such a way as to not risk bus service.

Increased Use/Effective Operation of the System

- Transportation system ridership has increased significantly.
 - 16.1% in July of 2012 compared to a year earlier.
 - 15.1% in August of 2012 compared to a year earlier
 - 4.0% in September of 2012 compared to a year earlier
 - 14.0% in October of 2012 compared to a year earlier
- The system continues to function well operationally.

Political Trends/Voter Sentiment

- Funding constraints at the State and Federal level have increased the sense of urgency (and lowered the denial factor) of both elected and administrative leaders.
- There is broad-based recognition of the need to think and act differently.
- There is increasing support for the transportation system in jurisdictions outside the City of Kalamazoo.
- The State of Michigan is placing increased emphasis on intergovernmental cooperation.
- A number of local organizations have worked diligently since 2006 to achieve an integrated, county-wide public transportation system.

Financial Conditions, History and Analysis

The City of Kalamazoo/Metro Transit is responsible for managing the overall finances for the public transit system. To operate the current system on an annual basis requires funding of approximately \$16 million dollars from a variety of local, State and Federal sources. The following financial summary and analysis provides a historical, current and future overview of the financial issues impacting the transit system.

- Historically, funding for the transportation system has come from three sources:
 - Combined State and Federal funding – which accounts for 50-60% of system revenue,
 - Combined local millage funding – which accounts for 20-30% of system revenue, and
 - Revenue from fares – which account for approximately 20% of system revenue.

- State funding for the transit system is both declining and less stable than has been the case historically.

- Federal funding also has been declining and continues to be uncertain. Changes in Federal funding will also result from Kalamazoo County's recent designation as a Large Urbanized Area. At the date of this current report, it is not yet known the effect of Federal budget action to address the so-called Fiscal Cliff; however, at the very least, this situation adds to the uncertainty of Federal support for public transit.

- The revenue generated from both the KCTA millage and the City of Kalamazoo millage is declining as a result of declining property values. This decline will likely continue for the foreseeable future. This situation may be further impacted if proposed changes in the Personal Property Tax are enacted at the State.

- System operating costs continue to rise.
 - The cost of diesel fuel continues to increase.
 - Retiree health care costs continue to be a significant expense.

- Both the City of Kalamazoo and KCTA have needed to use reserve funds to cover current year operating shortfalls.
 - The City of Kalamazoo used \$200,000 from its reserves.
 - KCTA used \$500,000 from its reserves.

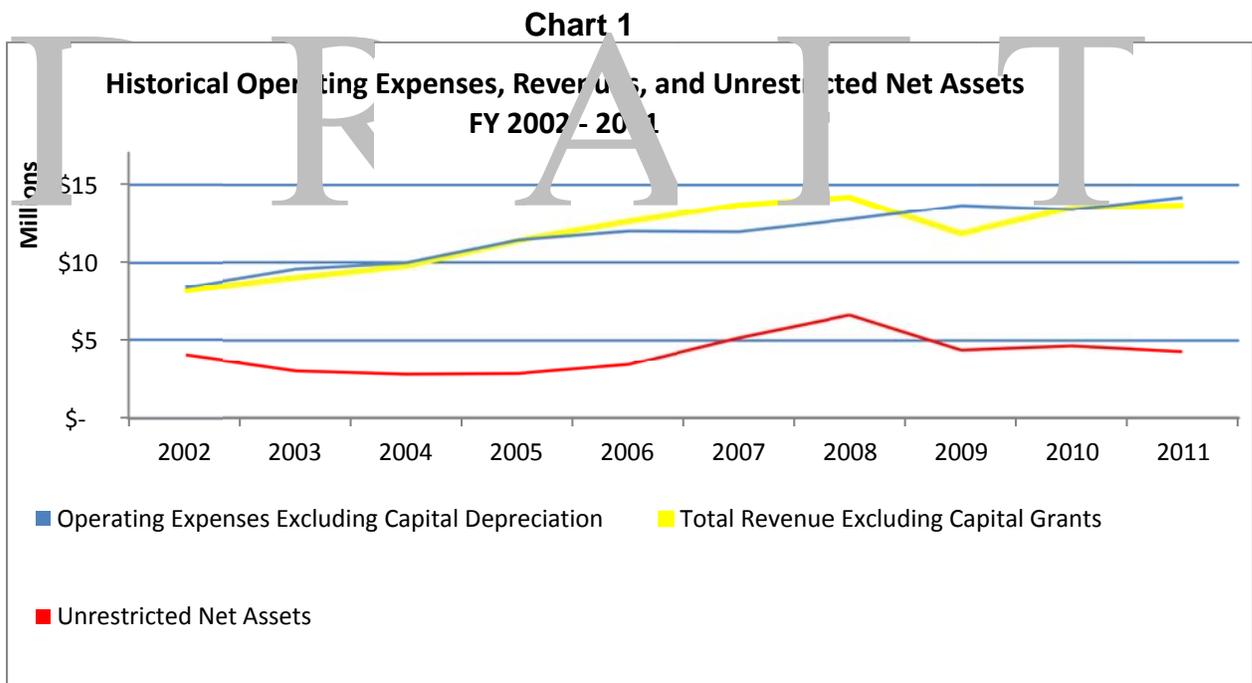
- Instability of State and Federal financing will – over time – almost certainly require local revenue to pay a higher percentage of support for the system than has been the case in the past.

- The funding trends impacting the transportation system are reflective of broader trends impacting all units of government and the services they provide.
 - Revenue is either flat or declining.
 - Costs are increasing.
 - Fund balances are declining.
 - The bottom line is that all local governments are financially at risk.

Detailed Historical Financial Review

The following financial review is based upon Audited Financial Statements over a ten year period from 2002 to 2011. In 2002, the cost to operate the transit system was \$9,384,000; revenues of \$8,715,000 were received; and, the fiscal year concluded with Unrestricted Net Assets (the equivalent of Fund Balance) of \$4,023,000. In FY 2011, the cost to operate the system was \$16,056,000; revenues received totaled \$13,684,000; and, Unrestricted Net Assets totaled \$4,290,000. Chart 1 below depicts the 10-year history of these fundamental financial measures. During this period:

- Operating expenses, not including depreciation, grew by approximately \$5.8 million or 71%.
- Revenues, excluding capital grants, grew by approximately \$5.5 million or 67%.
- Unrestricted Net Assets grew by \$267,000 or 6.7%.



During the 10-year period, there were many changes to service delivery, service levels as well as the creation of the KCTA which significantly impacted the financial numbers. Key changes included:

- The transfer of Care-A-Van services from Kalamazoo County to the City of Kalamazoo in 2005.

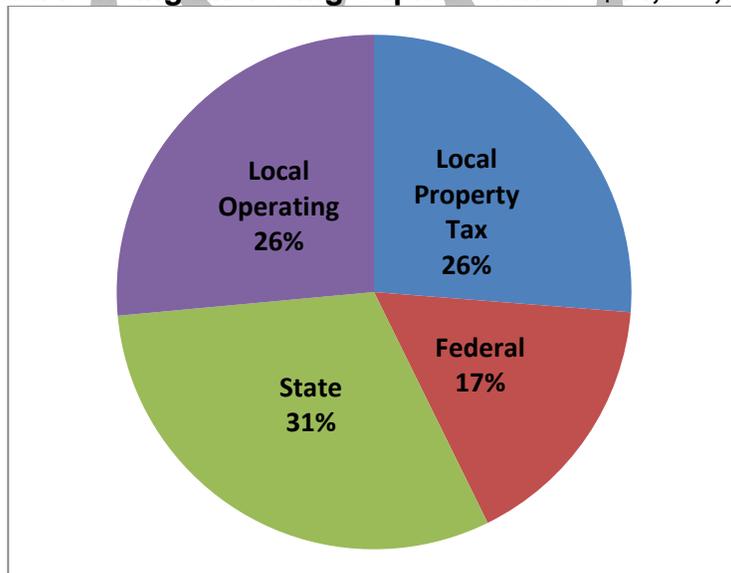
- KCTA being created and passing a .45 millage in 2006 and the KCTA subsequently contracted with the City of Kalamazoo to deliver services.
- Defeat of a county-wide millage in 2008 to fund all transit services, thus requiring use of fund balance until new millage structure approved by voters in 2009.
- Route expansions in 2007 and 2010.
- Expansion of service hours for Metro County Connect in 2008.

Through these various fluctuations and changes, the system has overall been financially stable over the past ten-years.

System Operating Revenues

The public transit system receives revenues from a diverse base of local, State and Federal sources. The break-down of revenues by source, based on Fiscal Year 2011 audited numbers, is contained in Chart 2 and following is further description of what comprises these four revenue areas.

Chart 2
Public Transit System Percent of Funding By Source
Based on Fiscal Year 2011 Audit
Total Funding Excluding Capital Grants - \$14,089,000



Local Operating Revenues (\$3,728,000)

- *Metro County Connect Fares.* \$579,000. 4.1% of total revenues
- *Fixed Route Fares.* \$1.82 million. 12.9% of total revenues
- *Western Michigan University Service Agreement.* \$554,000. 3.9% of total revenues
Western Michigan University, through a contract with the City of Kalamazoo, pays fares for students utilizing the fixed-route bus system. The contract was recently renewed for three years covering the 2012, 2013 and 2014 academic years.
- *Miscellaneous Operating Revenues.* \$374,000. 2.7% of total revenues
Revenues included advertising, sales of fixed assets, rental income at the Kalamazoo Transit Center, interest income and a variety of other small sources.
- *Use of Unrestricted Assets.* \$404,000. 2.9% of total revenues.
In Fiscal Year 2011, expenditures exceeded revenues by this amount, thus requiring the use of Unrestricted Assets (the equivalent of Fund Balance).

Local Property Tax (\$3,698,000)

- *City of Kalamazoo Property Tax Millage.* \$947,000. 6.7% of total revenues
The City of Kalamazoo levies a .6 millage to property owners within the City of Kalamazoo. The current millage was passed for three years for 2010, 2011, and 2012. The City of Kalamazoo voters just renewed the millage for 2013, 2014 and 2015 at the same level of .6 mils.
- *Service Agreement with KCTA.* \$2.75 million. 19.5% of total revenues.
The Kalamazoo County Transportation Authority contracts with the City of Kalamazoo to provide county-wide Metro County Connect services and fixed-route bus services outside the boundaries of the City of Kalamazoo. The KCTA pays for this contract through a .4 county-wide millage that raises approximately \$3 million annually with approximately 20% of the proceeds (\$600K) generated from the city tax base.

State Revenue (\$4,340,000)

- *Act 51 – Urban/Non-Urban Operating Assistance.* \$4.34 million. 30.8% of revenues
Through formula the State of Michigan allocates Act 51 revenues to provide operating assistance for eligible expenses in providing urban and non-urban public transit services.

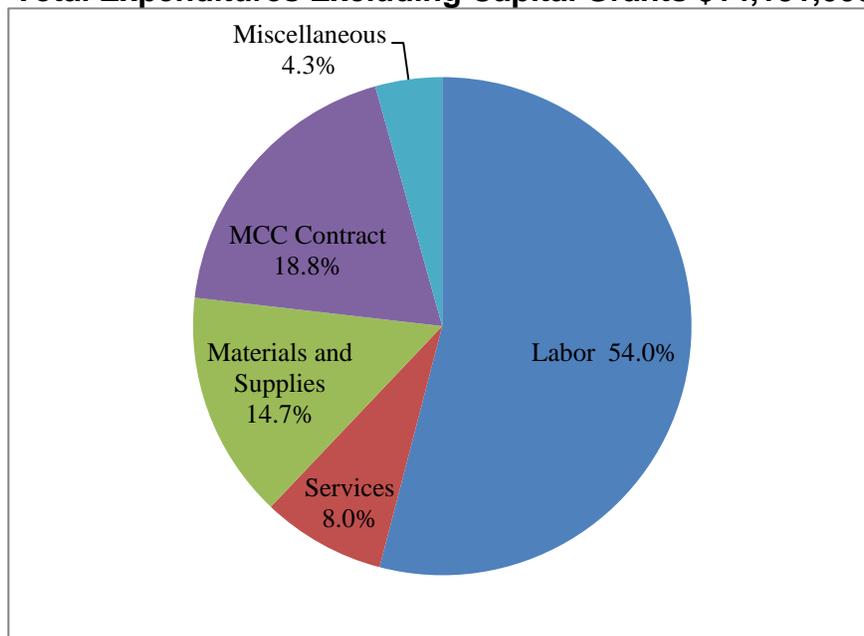
Federal Revenue (\$2,322,000)

- *Urbanized Area Formula Grants, Section 5307.* \$1.98 million. 14.1% of revenues.
- *Non-Urbanized Area Formula Grants, Section 5311.* \$271,000. 1.9% of revenues.
- *Program Grants.* \$71,000. 0.5% of revenues
A variety of Federal grant programs are offered to promote investment in certain federal focus areas related to public transit. Grant programs include New Freedom, Jobs Access/Reverse Commute (JARC), and Specialized Services programs. In 2012, Metro Transit receives funding from all of these programs.

System Operating Expenditures

The break-down of expenditures by source, based on Fiscal Year 2011 audited numbers, is contained in Chart 3 and following is a brief description of what comprises these expenditure areas.

Chart 3
Public Transit System Percent of Expenditures By Source
Based on Fiscal Year 2011 Audit
Total Expenditures Excluding Capital Grants \$14,181,000



Labor Costs (\$7,665,000)

- Metro Transit, in 2011, had budgeted 102 full-time employees and 19 permanent part-time employees. Costs include wages and benefits.
- Employees of Metro Transit are represented by the following collective bargaining units:
 - ♦94 - Amalgamated Transit Union (ATU) representing bus drivers, mechanics, and other operations staff.
 - ♦20 - Non-Bargaining Unit (NBU) comprising of supervisory staff.
 - ♦6 - American Federation of State, County and Municipal Employees (AFSCME) representing financial and clerical staff.
 - ♦1 - Kalamazoo Municipal Employee Association (KMEA) representing a Lead Maintenance Mechanic.
- Metro Transit has aggressively been funding the liability for Other Post Employment Benefits (OPEB), which the majority of the liability is retiree health care costs. The prefunding of OPEB liabilities in FY 2011 totaled \$978,000. Metro Transit has been prefunding this liability since 2009 due to changes in Governmental Accounting Standards Board (GASB).

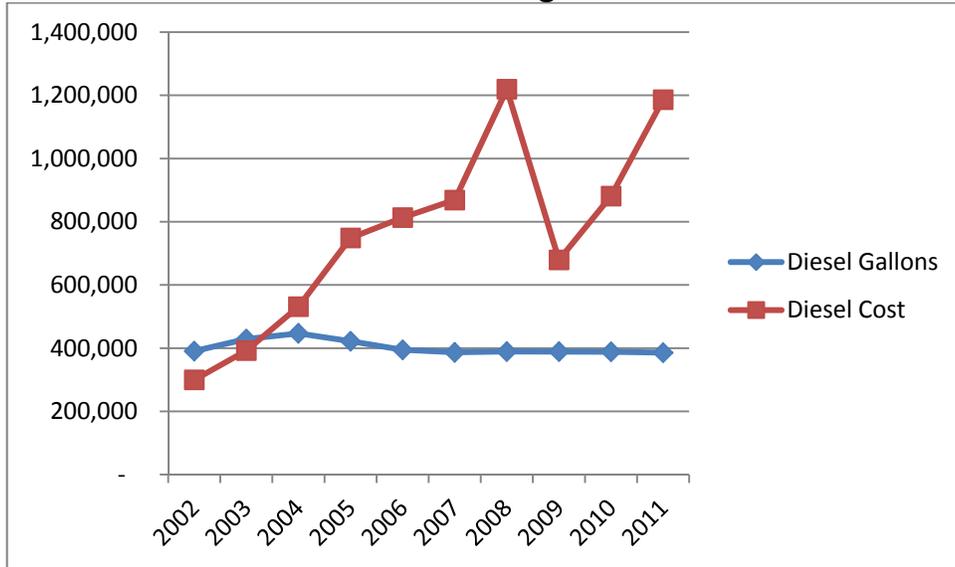
Metro County Connect Service Contract (\$2,672,000)

- The City of Kalamazoo contracts with Apple Bus for provision of Metro County Connect (MCC) services. The original three-year contract began in 2009 as was recently renewed for two more years through fall of 2014. Apple Bus is responsible for operating the system including this such as maintaining the fleet of vans which are owned by the City, fuel costs, scheduling, routing and dispatching rides. The MCC drivers are employees of Apple Bus.

Materials and Supplies (\$2,091,000)

- The largest expense in this category is diesel fuel for the bus fleet. Chart 4 below depicts the level of diesel fuel use and cost of the diesel fuel for 2002 through 2011.
- Other expenses include tires and other parts to maintain fleet and supplies to maintain/operate the Metro Transit Administrative Offices and the Kalamazoo Transportation Center.

**Chart 4
Public Transit System Use and Expense of Diesel Fuel
For 2002 through 2011**



Services (\$1,139,000)

- The largest costs are administrative service charges totaling approximately \$610,000 to secure a variety of services including financial, human resources, procurement, legal, city manager oversight and information technology provided by other City departments. The services also include Department of Public Safety presence at the Kalamazoo Transit Center to provide enhanced security for the facility.

Miscellaneous (\$614,000)

- The majority of these costs are utilities and liability insurance.

Capital Investment

In Fiscal Year 2011, the public transit system invested \$4.67 million in capital assets. The capital assets invested in 2011 included purchase of 5 buses, as well as the partial funding for expansion of the Metro Transit Administrative Building at 530 N. Rose Street, and installation of new technology including automatic vehicle location. The capital investment was paid for through primarily Federal sources (Section 5309 grants, Section 5307 capital grants, and ARRA) and capital matches through the Michigan Department of Transportation. The City of Kalamazoo has not used long-term financing (bonding) to pay for capital investments. Instead a pay as you go model utilizing Federal and state grants has funded all capital investments.

Financial Outlook

Funding Risks

Local Operating Revenues:

- Local operating revenues appear to be a relatively stable revenue source, especially with ridership increasing throughout the system and a three-year agreement with Western Michigan University.

Local Property Tax:

- Revenues derived from property taxes have decreased over the past three years as the taxable value of properties has declined in the City and in the County. Sustained annual growth in taxable value cannot be predicted at this point. It is very possible that the real estate market continues to see small decreases and flat growth in taxable value for the next several years.
- There has been legislation discussed with the State of Michigan which would reduce or possibly eliminate the collection of Personal Property Tax as part of millage collections. This could impact revenues generated through the City and county-wide millages quite significantly, though it is difficult to know at the present time how much this impact will be.
- The Kalamazoo County Transportation Authority service agreement with the City of Kalamazoo is for \$3.03 million in 2012. The cost of the contract will likely surpass the amount of revenue received from the .4 county-wide millage. The KCTA also has other expenses for staff, minimal operations costs and conducting elections which will require the use of fund balance to pay for. The KCTA has a fund balance of approximately \$2.5 million but will be unable to continue to fund significant increases in the service agreement without impacting the financial viability of the organization.

State Revenues:

- For State funding there is a concern regarding the allocation of Act 51 funds, which is the mechanism by which transportation is funded in the State of Michigan. Gas taxes collected are split so that 90% goes to roads, bridges and highways, while 10% goes to public transit (Comprehensive Transportation Fund). In the Act, it explains that urban transit systems get up to 50% of their eligible operating expenses through State funding and allows rural systems up to 60%. The actual annual allocation of funds is not close to those percentages and is generally about 30% for urban systems and 36% for rural. Act 51 also states that no transit system shall receive less than what they did in 1997, which is a

floor built-in to protect fast growing systems from getting a disproportionate amount of the funds. Lately, with the economic downturn a reverse situation is occurring. The City of Detroit has reduced transit expenditures for 2013 by 15%. With this reduction, they are below the 1997 floor and the Michigan Department of Transportation has determined they require \$9.9 million in additional funds to reach the floor. This action reduced available funds for all other urban systems, the impact to the Metro Transit system is estimated at approximately \$700,000 for 2013. This issue is attempted to be addressed by working with MDOT, the Governor's Office and State Legislators; however, there is a risk this impact could hit in 2013 and continue to impact funding until changes occur by how MDOT manages the allocation or through legislative action(s).

Expenditure Risks

The management of costs is far more predictable and controlled when compared to the management of revenues. However, there are a variety of variable expenditures that need to be closely monitored and managed in order to minimize impact to direct service delivery:

- Diesel fuel
- Retiree Health Care Costs
- Employee Health Care Costs

The other source of future risk is replacement of capital assets that have reached or surpassed their useful life. Over the past two decades, the Federal and State government have proactively invested in capital assets of public transit systems. The federal programs and initiatives utilized in the past by the Federal government are being defunded or even eliminated as in the case of Congressional earmarks. The fleet quality and age, as well as federal and State funding, appears to be stable for the next two to three years. However, beyond this short timeframe there is a significant concern for sustaining fleet replacement beyond this period.

Financial Summary

1. The transit system has been financially stable over the past ten years, as demonstrated by a stable reserve of unrestricted assets.
2. There are immediate risks to Federal, State, and local millage funding sources that need to be monitored closely in order to determine if current service levels are sustainable.

3. It is anticipated that over time, funding from State and Federal sources will diminish.
- It is not likely that all the funding risks will come to fruition during the upcoming two to four years.
 - It is highly unlikely that all of the funding risks will be resolved to the benefit of maintaining full, status-quo funding to the system.
 - The scenarios utilized by the AWG for planning purposes ranged from a relative nominal 5% loss of Federal and State revenue to a significant loss approximating 20% of existing revenue.
 - With many businesses or government organizations the obvious solution to a reduction in revenues is cutting expenses. With the structure of public transit financing that obvious solution may have some impactful and unintended consequences. For example:
 - If millage revenue is reduced by as much as 10%, \$400,000 of system revenue would be lost.
 - If expenditures were cut by \$400,000, there would be a multiplier effect of lost revenues from the State funding program. State funding from the Urban Operating Assistance program would lose an approximately 30% match, which totals another \$120,000 of lost revenues. In addition fare revenue would be lost due to service reductions.

Probable future operational scenarios

In looking at the future of the public transportation system in Kalamazoo County over the next five to ten years, the administrators envision two possible scenarios.

- Scenario 1: Maintaining Current Service with Relatively Stable Funding
- Scenario 2: Sharp Decline in Funding Requiring Reactive Problem Solving

The AWG does not envision that a third scenario of enhanced funding to facilitate expanded service is a likely outcome due to the combination of fiscal and political pressures being exerted on budgetary processes of allocating and/or generating resources at both the State and Federal levels.

The two probable scenarios are outlined below.

Scenario 1: Maintaining Current Service

Scenario 1 – which administrative leaders see as a “best case” in the near term—is based on the following assumptions.

Transportation system revenue:

- The current revenue mix from four sources will remain reasonably constant.
 - Federal funding for the transportation system
 - State funding for the transportation system
 - Local millage funding of the transportation system
 - Fare revenue
- Concern about major decreases in Federal and/or State funding will either not materialize or be moderate and manageable. (There have been concerns about major changes in revenue historically, but they usually have not materialized to the extent envisioned.)
- The decrease in local millage revenue – based on flat or more likely slow decline in state equalized value – will be moderate.
- The declines in state equalized value will have some ability to be offset by:
 - An increase in millage levels
 - Increased fare revenue that results from increased ridership in a weak economy

Transportation system operating expense:

- There will be no major increases in operating costs.
- Since 80% of transit system expense is employee costs, it is difficult to achieve anything more than a modest expense reduction without a significant change to the wage and benefit structure of the workforce – which is unionized.
- Some incremental cost reductions may offset – at least in part – revenue reductions.
- Increases in fuel costs have historically been offset by increased fare revenue that results from increased ridership.

In this scenario, the revenue and expense assumptions allow the system to operate at or near its current service levels.

Scenario 2: Sharp funding Decline

Scenario 2 – is based on the following assumptions about transportation system revenue and operating expense.

Transportation system revenue:

- There will be significant – and likely unpredictable – reductions in State and/or Federal funding for the transportation system.
- This revenue shortfall will trigger operating losses for the transportation system.
- While current Metro Transit and KCTA fund balances are probably sufficient to offset this shortfall on a temporary basis (such as one to three years); it would be unsustainable over an extended period of time.
- The ability to increase local millage revenue – most likely by increasing the millage rate levied by one or both 196 authorities – will be insufficient to offset a significant decline in revenue from State and/or Federal sources.

Transportation system operating expense:

- While incremental reductions in transportation system operating expense are possible, they would be insufficient to overcome revenue shortfalls.
- Operating expenses could, in the alternative, increase markedly and exacerbate the fiscal challenges.
- Since 80% of transit system expense is employee costs, it is difficult to achieve anything more than a modest expense reduction without a significant change to the wage and benefit structure of the workforce.
- As revenue declines, transportation system service levels will need to be reduced – leaving vulnerable people with less service unless major changes in the cost structure could be effectuated expeditiously.
- Reductions in service, if required, would most likely take the form of:
 - Fewer line haul routes,
 - Increased headway,
 - Modifications to the demand response system.

A decline in transportation system service levels would likely take place over a period of time – such as three to five years. At some point, however, Scenario 2 would likely reach a critical point that would require fundamentally rethinking the approach to financing the transportation system.

Implications of Scenario 2

If the revenue and operating cost assumptions of Scenario 2 play out, the recommended response is to:

- Establish the transportation system as a stand-alone entity in order to separate it to the extent possible from the elected and organizational political constraints of the City of Kalamazoo and Kalamazoo County.
- This separation would provide greater flexibility in dealing with difficult choices – such as the potential need to significantly reduce personnel costs to maintain service levels.
- The separation would require transferring all of the following :
 - Assets (real, personal and personnel),
 - Grant novation, and
 - Liabilities (retiree benefits and operational/financial risks).
- The transfer should be supplemented with the implementation of a shared governance model to ensure the continued support for the transportation system from the City of Kalamazoo and Kalamazoo County.

The next steps toward further integration of county-wide transit should, in the opinion of the AWG, occur consistent with the following Findings and Conclusions.”

FINDINGS AND CONCLUSIONS

- Based on the above analysis, we conclude that the current funding for the public transportation system will most likely not improve markedly in the future.
- The current funding will most likely remain relatively constant or erode substantially due to changes in priorities and appropriations from the State and Federal governments.
- Developing a credible forecast on future system funding is nearly impossible due to the high level of Federal and State funding used to operate the system and the plethora of philosophical debates occurring in Lansing and Washington.
- If the eventual forecast is for a worse case scenario (i.e. significant diminishment of funding) then the impetus for full integration on an expedited schedule would grow.
- If the eventual forecast is for a better case scenario (i.e. relatively constant funding) the impetus for full integration would necessarily erode.
- Local funding elasticity would not be able to fully offset any substantial loss in State or Federal funding.
- A significant decrease in funding will leave the system administrators a choice between two fundamental budget balancing strategies – either reduce the level of service or reduce the personnel costs necessity to maintain the current level of service.
- A relatively free standing authority would have less political encumbrances associated with prosecuting a concession based collective bargaining strategy than the City.
- A full transfer of all assets, real and personal property, equipment and staff would be needed to realize the full benefits of the authority form of governance.
- The roles and responsibilities of both the KCTA and TAB Boards need to be enhanced in order to grow their capacity to govern effectively.
- The system's administration is in the midst of major transformation even if the question of full integration is disregarded. The best available talent needs to be secured and effectively organized to assure continued management excellence.

- A broadened and diversified base from which to draw resources for public transportation needs to be actively developed inclusive of enhanced relationships with all vested parties.
- The financial impacts to all parties need to be carefully understood and addressed as the goal of fully integrated county-wide public transportation system is pursued.
- The fundamental reality that public transportation is an absolute need for a large and growing portion of our community needs to remain paramount in our thinking as a sustainable, basic, public service is secured and enhanced.

D R A F T

RECOMMENDATIONS

We recommend that a phased and measured approach, described below, be utilized to continue progress toward the goal of creating a fully integrated county wide transportation system. This recommendation mirrors, in large part, the functional process that has secured the progress to date, while balancing the need to take significant action towards achieving this goal.

We recommend phased and measured because the uncertainties of future funding and the risks of significant service loss or interruption to the community are both very high.

The ideal state for transit, from the perspective of those managing or utilizing the system would be a completely integrated county-wide transit system with governance and ownership under one agency. If local support were to come from county-wide property taxes, it would follow that governance and ownership should be entrusted to an agency representative of all county-wide constituencies. Under the current statutory and constitutional restraints, this idealized state is not possible, since even if all governance, operations, and assets were transferred from the City to the KCTA, the KCTA would still require two governance bodies to effectuate differential millage rates for urban line haul and county-wide demand/response service.

Unless there are further statutory or constitutional changes, we can only work toward an optimal state, which would set as a goal the further integration of county-wide transit. The optimal state would be the eventual transfer of all governance and ownership to the county-wide authorities. This assertion assumes the county-wide public transportation model is dependent on county-wide millage support for the local share.

At the present time, we agree that the most effective approach to initially proceed toward the optimal solution would be to focus on reducing governance fragmentation, options for enhancing the role and capacity of the authority boards, consolidating executive leadership, and strengthening the local funding base.

We recommend the following three phase process:

Phase I – 18 months

1. AWG “white paper” be presented publicly to the City Commission, County Board, TAB, KCTA and Kalamazoo Area Transportation Study.
2. The above parties publicly agree, support and endorse the recommended strategy as contained herein.

3. The current KCTA Executive Director (ED) would replace the Metro Transit Director upon his retirement, expected sometime in 2013. The KCTA ED would assume dual roles for both organizations which would be defined through the service agreement between KCTA and the City/TAB. We anticipate we may need to request amendment to State law regarding possible incompatible office issues for the ED.
4. The County Board of Commissioners, pursuant to PA 196 establishes the boundaries for a second authority district encompassing the urban line haul service area which includes the City of Kalamazoo and the urbanized areas of the inner ring suburban townships. This process assumes that jurisdictions, which have the power to opt out in whole or in part, opt to remain substantially in the district.
5. The parties, particularly the City, are satisfied and agree to a determination that the urban district is "substantial." By substantial, we mean that territory outside of the City be of such significance to warrant the creation of the second district.
6. Maintenance of the City of Kalamazoo's authority to levy a city wide millage, in an event involving the loss of an urban district millage. This step would be necessary to provide a safety net for system users. Since the creation of KCTA, city voters have continued to approve transit millages by a margin of 68% to 32% in five elections while the non-city voters have been far less consistent supporting only one of three transit millage issues and averaging only 47% support.
7. The passage of millages in the urban district and renewals of demand/response. Renewal of the demand/response would be expected for May 2013 and the new urban district for line haul could come as early as November 2013 or early in 2014. This would be a major milestone for the future of county-wide, and ultimately a regional transit system.
8. In a phased approach, 4 members of KCTA should be nominated by the Kalamazoo City Commission.
9. In a phased approach, 3 members of TAB should be nominated by the Kalamazoo County Board of Commissioners.
10. Both TAB and KCTA should be given authority to mutually approve the annual Metro Transit budget.
11. KCTA and TAB bylaws should be changed to allow for Phase I changes, to assure board effectiveness, enhance their governance role, and to ensure a positive, balanced relationship, to the extent possible, between the authority boards and the system administrator

Phase II – 18 months

Following completion of Phase I, the parties should immediately begin to objectively evaluate the effectiveness, efficiencies and sustainability associated with those changes and rigorously re-assess the projected funding, particularly State and Federal contributions to the system, and clearly identify the complete costs and liabilities and all tangible benefits accruing to all parties associated with the creation of a fully integrated system. Of particular concern are personnel costs that would necessarily accrue to KCTA as a free standing employer, lost revenue to the city's General Fund, and any collective bargaining leverage that may be gained in the merger. This would include, as a starting point, a review of the 2008 Plante Moran study to determine current applicability. It is anticipated that Phase Two would be accomplished within 18 months. The decision to proceed with the next level of integration, including a decision to pursue a complete conversion of all governance, finance and operations from the City to KCTA would be made following this analysis, and agreed to by all parties.

Phase III – Implementation of those recommendations from Phase II would commence in 2015 and beyond.

Phased-Plan Oversight

Over the course of all three phases the following should occur:

1. The AWG members, in their administrative roles, should continue to convene at appropriate intervals in order to maintain communication, commitment and momentum to achieve this important process.
2. As the AWG proceeds to implement Phase I, it will also provide further definition to the timeline and deliverables associated with Phase II, and subsequently with Phase III.
3. The political leadership team, made up of representation of the City Commission, Transportation Advisory Board, County Commission, and the Kalamazoo County Transportation Authority will continue to convene to provide policy oversight to the efforts of the AWG.



Commission Agenda Report

City of Kalamazoo

Date: **01/22/13**

Item **J1**

TO: The City Commission

FROM: Mayor Hopewell, Vice Mayor McKinney, and Commissioner Cooney
Prepared By: Scott Borling, City Clerk

DATE: January 18, 2013

SUBJECT: Executive Search Firm Interview Process

RECOMMENDATION

The Consultant Evaluation Panel recommends the City Commission approve the following format for the executive search firm interviews on February 4, 2013:

- 1) the search firms should be interviewed at a special City Commission meeting beginning at 4:00 p.m. in the Community Room at City Hall.
- 2) the firms should be interviewed in alphabetical order with one exception: if only one of the firms is participating via videoconference, that firm should go first.
- 3) each interview should last 40 minutes with 5 minutes between each interview. If these times are observed the interviews would be completed by 6:00 p.m. The business meeting should be held at its regular time of 7:00 p.m.
- 4) each firm should be asked the same set of predetermined questions, which can be developed by the Human Resources Director and City Attorney based on topics approved by the City Commission. Commissioners will be allowed to ask follow-up questions during the interviews.
- 5) each interview should include an opening statement by the firm (no more than 10 minutes), an opportunity for Commissioners to ask the predetermined questions, an opportunity for Commissioners to ask additional or follow-up questions, and a closing statement by the firm (no more than two minutes).
- 6) deliberation, discussion, and decision will take place after all three firms have been interviewed. If time becomes an issue this activity can continue during the 7:00 business meeting under "Policy Items."
- 7) if the City Commission takes action during the special meeting, there would be an opportunity for citizens to comment on that action. If the Commission does *not* take action at this meeting, there would be a time for general citizen comments at the end of the meeting.

BACKGROUND

At its special meeting on January 14th the City Commission decided to interview the top three executive search firms for the City Manager search process on Monday, February 4, 2013. The City Commission also asked the Consultant Evaluation Panel to discuss the logistics for the interviews and provide a recommendation at the January 22nd business meeting. On Thursday, January 17th the Evaluation Panel met in open session and discussed the interview format and the process for developing interview questions. The above recommendations are the result of this discussion.

COMMUNITY RESOURCES CONSULTED

No community resources were consulted. The Evaluation Panel meeting on January 17th was open to the public.

FISCAL IMPACT

There no cost to the City associated with interviewing the search firms.

ALTERNATIVES

No other alternatives were identified by the Evaluation Panel.

ATTACHMENTS

None