

CITY COUNCIL MEETING MINUTES FROM JULY 26, 2016

The Regular Meeting was called to order by Mayor Strazdas at 7:30 p.m.

At the request of Mayor Strazdas, Councilmember Claudette Reid gave the invocation and City Council and the audience recited the Pledge of Allegiance led by Boy Scout Troop 255.

At the request of Mayor Strazdas, the City Clerk called the roll with the following members present: Councilmembers Richard Ford, Jim Pearson, Patricia M. Randall and Claudette Reid, Mayor Pro Tem Nasim Ansari and Mayor Peter Strazdas. Councilmember Terry Urban was absent with notice. Also in attendance were City Manager Larry Shaffer, City Attorney Randy Brown and City Clerk James R. Hudson.

APPROVAL OF MINUTES: Motion by Reid, seconded by Ford, to approve the July 12, 2016 Regular Meeting Minutes. Upon a voice vote, motion carried 5 to 0 with Mayor Strazdas abstaining.

Motion by Reid, seconded by Randall, to approve the Pre-Council Meeting Minutes of July 25, 2016, as presented. Upon a voice vote, motion carried 4 to 0 with Councilmembers Ford and Randall abstaining.

* **CONSENT AGENDA:** Mayor Strazdas asked Mayor Pro Tem Ansari to read the Consent Agenda. Mayor Strazdas removed Item F.1, Industrial Tax Abatement Application: Pfizer, Incorporated (7171 Portage Road), from the Consent Agenda, and Councilmember Reid asked that Item F.2, Policy for City Council Device Stipend, be removed from the Consent Agenda.

Motion by Ford, seconded by Ansari, to approve the Consent Agenda motions as amended. Upon a roll call vote, motion carried 6 to 0.

* **APPROVAL OF ACCOUNTS PAYABLE REGISTER OF JULY 26, 2016:** Motion by Ford, seconded by Ansari, to approve the Accounts Payable Register of July 26, 2016. Upon a roll call vote, motion carried 6 to 0.

REPORTS FROM THE ADMINISTRATION:

INDUSTRIAL TAX ABATEMENT APPLICATION: PFIZER, INCORPORATED (7171 PORTAGE ROAD): Mayor Strazdas asked City Manager Shaffer for a report, who expressed his delight that Pfizer has decided to expand its footprint in Portage, and made reference to the new 98,000 square foot distribution facility and the creation of new manufacturing space for \$100 million for a total project cost of the \$140 million planned for the District. He acknowledged the role of the City of Portage in Pfizer's expansion over the next few years and their long-term manufacturing interests here, and welcomed the opportunity to collaborate with Pfizer, as a partner and community member to make sure they stay, enjoy and be successful in Portage for decades to come. He deferred to Community Development Director Vicki Georgeau for the details.

Mayor Strazdas asked for a minimum amount of details since the Council is only being asked to set a public hearing on the establishment of the District. Ms. Georgeau concurred that City Council is being asked to set a public hearing on the creation of Industrial Development District on the north end of the manufacturing campus as a required step before considering a tax abatement application. She outlined the calendar of events for the public hearings, the industrial plans and investment information.

Mayor Strazdas invited comment from Pfizer Representatives, Interim Pfizer Global Supply Kalamazoo Site Leader Robert Betzig, 5852 Stoney Brook Road, Texas Township, and Finance Director Aaron Martin, 5593 Bob White Avenue, Texas Township. Mr. Betzig indicated he has been with the company for 33 years and Aaron has been with the company for fifteen years and explained that Pfizer is going into a new direction. He said the company remains competitive around the world, spent

the last three years to become globally competitive and continues to find favor with Kalamazoo; however, he mentioned that the challenge is to stay competitive with India and China. In looking at what it takes to remain competitive, he said the company has had to look at how do we control the cost of goods in a world with world class technology? He discussed the cost of salary, benefits, and technology along with the necessity to bring in new technology advances and innovations to attract the best scientists and engineers for the jobs. He reflected upon the competitors who are constantly chasing after Pfizer and indicated that over the last ten years, the company has invested \$900 million and noted that the company has not been before City Council asking for a tax abatement and explained they have been quietly putting themselves in a competitive position. Discussion followed.

In response to Mayor Strazdas, Mr. Martin explained some of the benefits to the community with the approval of a tax abatement by addressing depreciation since the mortgage or capital invested in the property is the third largest expense on the site. Also, he said it is an expense that is difficult to impact from year to year; once you set the asset in place, it is going to be there for twenty or thirty years, so care is exercised when investing this dollar because there is a price to pay for years to come; and, he indicated that investing comes with the expectation that there will be a return over the long term. He indicated that the \$900 million investment mentioned by Mr. Betzig over the last nine or so years has been relatively quiet, but has helped pay off and put the site in a better position and value for Pfizer, Inc. Looking at that next chapter, he said there are a lot of things that this site can continue to do for Pfizer, Inc., and the community. He explained and then disclosed that City Council did not see the machinery and jobs (generated or retained) by the \$900 million already spent as mentioned by Mr. Betzig. He indicated that Pfizer is actually looking for future colleagues for Portage who wish to make a career here and it is hoped that this investment will spark interest from quality candidates and solidify the positive opinion of Pfizer as a corporate partner in the community. He summed up and responded to Mayor Strazdas that there are 2,100 colleagues in the plant areas, another 400-500 colleagues that are not part of their organization, but are lessees, and another 1,000 contractors, or roughly 3,000 colleagues and direct contract employment (and one fly-by-night). Discussion followed.

Motion by Pearson, seconded by Ansari, to accept the request from Pfizer, Incorporated (Pharmacia & Upjohn Company, LLC), to create Industrial Development District No. 91 for 7171 Portage Road, and the associated PA 198 Tax Abatement Application for a real property tax abatement for 7171 Portage Road; and adopt Resolution No. 1-16 setting a public hearing on the creation of Industrial Development District No. 91 for 7171 Portage Road, on the North side of their property, on August 9, 2016, at 7:30 p.m. or as soon thereafter as may be heard. Upon a roll call vote, motion carried 6 to 0. Discussion followed. Resolution recorded on page 199 of City of Portage Resolution Book No. 46.

POLICY FOR CITY COUNCIL PERSONAL DEVICE STIPEND: Since she asked that this item be removed from the Consent Agenda, Mayor Strazdas asked Councilmember Reid if she would explain her concerns. In answer to her question regarding the issue of security and whether the City Administration would be able to wipe the cell phone used for government purposes clean if there was a security breach, City Manager Shaffer answered in the affirmative. He said that if a phone is lost or misplaced, the security protocol is that it be cleaned because it could be hacked and security could be breached and explained that this is the only situation that comes to mind where that would be necessary. She commented that \$50 per month reimbursement for a cell phone, plus \$75 per month for a computer, reflects a 25% increase in compensation for a Councilmember which is excessive. She recognized that a person considering running for Council who does not have the technology may want this, but she explained that there could be ways of providing access to technology without providing a monthly stipend. Mr. Shaffer responded that there is nothing magical about the dollar amounts of the stipend as he is only interested in creating a situation where a Councilmember could pay for a device and a subscription to the internet and is a consistent standard amount in other organizations and explained. Mayor Strazdas indicated his perception that it is all a part of the options provided for City Council and explained it as a full menu for communication purposes among staff and one another.

In answer to Councilmember Randall, Mr. Shaffer reflected that the savings for going from a paper agenda that is copied, collated and delivered by hand to the household of each City Councilmember is in the thousands of dollars. He explained that it helps to meet the Council goal of going to a paperless environment and recognized that we would experience a few bumps along the way. He couched the stipend as an incentive for City Council to continue to go paperless to allow the true savings that a paperless environment brings. He promised that staff will continue to provide the information that the City Council needs in the format and the fashion each Councilmember desires, but he also encouraged Council to move to the paperless environment and would like to use the stipend as an incentive to do so.

Councilmember Ford thanked Councilmember Randall for her question regarding the savings and Mr. Shaffer for his response. He tried to address Councilmember Reid and her concern about the stipend being too excessive by saying that it could be a little excessive, so he broke it down by not just the cost of the service, but the cost of the device, too. He recognized that the cell phone could be \$25 for the service and \$25 for the device and the same could be said for a tablet or a laptop at \$50 per month and \$25 for the service, and quipped that internet for \$25 per month is aggressive and would really like to know where he can get service for such a low cost. Discussion followed.

Mayor Pro Tem Ansari indicated that he will vote in favor of anything that is going to save the taxpayers money, and referred to the figures presented by Councilmember Pearson in support of a savings of \$2,000, that going paperless is good for the environment and supports Portage as a Tree City.

Motion by Pearson, seconded by Randall, to adopt the Policy for City Council Device Stipend.

Councilmember Reid pointed out two issues: use of online versus paper for the agenda for Councilmembers. She referred to the survey conducted by staff regarding issues Councilmembers may have regarding the BoardSync Software being used and indicated that staff provided information responses to the various questions presented by Council. She indicated that several of the items in that software survey indicated that these were features that were being addressed by the developers; so, until the software gets better, she indicated that some Councilmembers may still opt for a paper agenda. She determined that this issue is different from whether Council approves a stipend allowing Council to use their own devices, and expressed her opinion that Council needs to be careful with taxpayer dollars. She also made the distinction between Council being incentivized versus meeting their needs.

Councilmember Pearson recognized that Councilmember Reid brought up some good points, and expressed his appreciation that there are options for Councilmembers to access the agenda. He likes the idea of the options of being reimbursed for a phone or device versus City-issued because he does not know what registration on his cell phone and his computer means. He indicated that if registration on his cell phone and his computer is too restrictive, then he will still have other options and explained. Upon a roll call vote, motion carried 6 to 0.

* **JUNE 2016 ENVIRONMENTAL SUMMARY REPORT:** Motion by Ford, seconded by Ansari, to receive the communication from the City Manager regarding the June 2016 Environmental Summary Report as information only. Upon a roll call vote, motion carried 6 to 0.

UNFINISHED BUSINESS: Mayor Strazdas reflected upon the discussion from last meeting of appointing a Council Representative on the Gourdneck Lake Governmental Lake Board, and indicated that without a full Council, he is remiss to bring back that issue at this meeting and prefers to wait.

* **MINUTES OF BOARDS AND COMMISSIONS MEETINGS:** City Council received the minutes of:

Portage Historic District Commission of April 4, May 4 and June 1, 2016.

Portage Youth Advisory Committee of June 13, 2016.

Portage Public Schools Regular and Special of June 27, 2016.

Portage Planning Commission of July 7, 2016.

OTHER CITY MATTERS:

STATEMENTS OF CITY COUNCIL AND CITY MANAGER: Councilmember Ford informed Council and the audience that he twice became an uncle this morning when his sister gave birth to twins, and he extended his congratulations to her.

Councilmember Pearson cited the FREE Big Truck Petting Zoo, Thursday, July 28, 2016, from 10:00 a.m. until 12:00 p.m., at the Portage District Library in conjunction with the Department of Public Services where kids can meet Big Truck Driver Mike and climb aboard real dump trucks, excavators, front-end loaders, and more. To get more information, he asked that people go to the Portage District Library Facebook page. In answer to Councilmember Reid, he said that he understands that there will be fire trucks at the Big Truck Petting Zoo.

Councilmember Reid also reflected on the setting of the public hearing on the creation of Industrial Development District No. 91 for 7171 Portage Road for Pfizer earlier and complimented them on their plan for Portage. She noted that there has been a change happening in manufacturing because manufacturers are putting a lot of cost into the development of advanced manufacturing facilities that do not generate a lot of new jobs, but the jobs that are being generated are really advanced, technical or stem jobs. She said that this is different from the original concept for Public Act 198 Industrial Tax Abatements which was a way to encourage manufacturing that would result in the generation of a large number of jobs. She indicated that this change is taking place across the country in the manufacturing sector, so the benefits of this approach for the community will be considered when these tax abatement requests are presented to City Council. She also pointed out that the taxes are being abated for all of the jurisdictions in the County, and it is not just the City of Portage that will be foregoing tax revenues, so the discussion with the citizens becomes important.

Mayor Pro Tem Ansari indicated Portage is blessed to have Pfizer Corporation and companies like Pfizer which increase the City's tax base.

Mayor Strazdas gave praise to the Administration for bringing the Glen Miller Band to the Overlander Bandshell through the Summer Series on July 5, 2016. He also noted that the housing values are up and he recognized that there will be criticism regarding increased traffic on South Westnedge, but this is a good problem when considering the alternative where businesses complained about the recession. He expressed his appreciation for Pfizer as a longtime industrial entity in Portage which continues to invest in the community. He indicated families and businesses are choosing Portage based on the quality of life here and praised Council, the Administration and Portage citizens for their efforts to create good quality of life in Portage.

MATERIALS TRANSMITTED:

* **MATERIALS TRANSMITTED:** Motion by Ford, seconded by Ansari, to receive the Department Monthly Reports of June 2016. Upon a roll call vote, motion carried 6 to 0.

ADJOURNMENT: Mayor Strazdas adjourned the meeting at 8:20 p.m.

James R. Hudson, City Clerk

*Indicates items included on the Consent Agenda.