

**The Election Commission Will Meet at 5.45 p.m. Prior to the Regular Meeting.**

**ALPENA CITY COUNCIL MEETING**

**September 03, 2019 – 6:00 p.m.**

**AGENDA**

1. Call to Order.
2. Pledge of Allegiance.
3. Modifications to the Agenda.
4. Approve Minutes –Regular and Closed Sessions of August 19, 2019.
5. Citizens Appearing Before Council on Agenda and Non-Agenda Items (Citizens Shall be Allowed a Maximum of Five (5) Minutes Each to Address Their Concerns. This is the Only Time During a Council Meeting that Citizens are Allowed to Address the Council).
6. Consent Agenda.
  - A. Bills to be Allowed, in the Amount of \$677,818.54.
  - B. Council Appointment of Jon Broers to the Zoning Board of Appeals to Fill a Vacancy which Expires 10/1/19.
7. Presentations.
8. Announcements.
9. Mayoral Proclamation.
10. Public Hearing.
11. Report of Officers.

Costs and Voter Turnout for the August 6, 2019 Election.
12. Communications and Petitions.

Target Alpena Development Corporation Annual Report for 2018/19.
13. Unfinished Business.
14. New Business.
  - A. MDOT Maintenance Contract.
  - B. Water Treatment Plant Supervisory Control and Data Acquisition (SCADA) Upgrades.
  - C. Presentation and First Reading of Ordinance 19-448 to Rezone Property Located 555 S. Fifth Avenue from R-2 to Planned Unit Development District.
  - D. Presentation and First Reading of Ordinance 19-449 to Authorize the Payment of An Annual Service Charge in Lieu of Taxes for Residential Units Serving Elderly Low Income Persons or Families.

15. Adjourn.

Greg E. Sundin  
City Manager

## **COUNCIL PROCEEDINGS**

**August 19, 2019**

The Municipal Council of the City of Alpena met in regular session at City Hall on the above date and was called to order at 6:00 p.m. by the Mayor.

Present: Mayor Waligora, Mayor Pro Tem Johnson, Councilmembers Nowak, Nielsen, and Hess.

Absent: None.

### **PLEDGE OF ALLEGIANCE**

The Pledge of Allegiance was recited.

### **MINUTES**

The minutes of the open session of the August 5, 2019 meeting were approved as printed.

### **CONSENT AGENDA**

Moved by Councilmember Nowak, seconded by Councilmember Nielsen, that the following Consent Agenda items be approved:

1. Bills Allowed – in the Amount of \$248,270.53 be Allowed and the Mayor and City Clerk Authorized to Sign Warrant in Payment of Same.
2. Mayoral Reappointment of Todd Britton and Shawn Straley to the Downtown Development Authority for 4-Year Terms Expiring on August 1, 2023.
3. Budget Amendment Request to Increase the Budget for General Fund to Carryover for Bandshell Sound Systems, Demolition of Old Bathrooms and Architectural Services of \$45,000.
4. Budget Amendment Request to Increase the Budget for Local Street to Carryover Funds for Streets Under Construction, but not Completed of \$35,000.
5. Budget Amendment Request to Increase the Budget for Major Street to Carryover Funds for MDOT Cost for Miller Street, Street Construction not Completed of \$134,780.
6. Budget Amendment Request to Increase the Budget for Water Fund to carryover Funds for Water Mains, Main Values, Large Meters of \$564, 600.
7. Budget Amendment Request to Increase the Budget for Sewer Fund to Carryover Funds for Sewer Mains, Capital Outlay of \$273,300.

Carried by unanimous vote.

### **THUNDER BAY ARTS/ART VISION ALPENA**

Moved by Councilmember Nowak, seconded by Councilmember Nielsen, to approve the request by Thunder Bay Arts Council to proceed with stone rehabilitation at the Yacht Club.

Carried by unanimous vote.

### **RECESS**

The Municipal Council recessed at 6:19 p.m.

**RECONVENE – CLOSED SESSION**

Moved by Councilmember Nowak, seconded by Mayor Pro Tem Johnson, that the Municipal Council adjourn to closed session at 6:24 p.m. to discuss water and sewer litigation.

Carried by unanimous vote.

**RECONVENE – OPEN SESSION**

On motion of Mayor Pro Tem Johnson, seconded by Councilmember Nowak, the Municipal Council reconvened in open session at 6:36 p.m.

Carried by unanimous vote.

On motion of Councilmember Nowak, seconded by Mayor Pro Tem Johnson, the Municipal Council adjourned at 6:36 p.m.

MATT WALIGORA  
MAYOR

ATTEST:

Anna Soik  
City Clerk



## INVOICE REGISTER

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EXP CHECK RUN DATES 09/04/2019 - 09/04/2019

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6.A.

VENDOR	INVOICE #	DESCRIPTION	AMOUNT
AIRGAS USA LLC	9091665949	SUPPLIES - EMS DISP	32.90
AIRGAS USA LLC	9091712881	VEH MAINT - DPW	164.81
AIRGAS USA LLC	9092002561	SUPPLIES - EMS DISP	32.90
AIRGAS USA LLC	9092196452	SUPPLIES - EMS DISP	24.22
ALL-PHASE ELECTRIC	1026-598088	MAINT - LIGHTS	48.00
ALPENA AGENCY INC	38839	FIDUCIARY INS - RET/C/T	7,569.00
ALPENA AGENCY INC	38840	CYBER LIABILITY - IT	4,643.00
ALPENA AUTO ELECTRIC	57891	VEH MAINT #36	185.00
ALPENA BEVERAGE COMPANY	54821	MURAL EVENT	177.00
ALPENA BEVERAGE COMPANY	54822	MURAL EVENT - DDA	152.15
ALPENA DIESEL SERVICE	61915	VEH MAINT - FIRE EQ	149.41
ALPENA DIESEL SERVICE	62116	VEH MAINT - DPW	319.25
ALPENA MARKETPLACE PRODUCTIONS	100 08/19	TAPING FEES - COUNCIL MTG	450.00
ALPENA POWER COMPANY	090419	ELECTRIC	11,372.43
ALRO STEEL CORP	JHH8049AL	VEH MAINT - DPW	51.43
AMAZON CAPITAL SERVICES INC	1FNM-N1KW-P1CQ	SUPPLIES - PUBLIC WORKS	74.48
AMAZON CAPITAL SERVICES INC	1QCM-XJ61-Q1Y9	SUPPLIES - IT	229.89
ANDREW WILLIAMS	082719	MEAL REIMB - EMS	68.87
ANNA COLE	AP19-1502C	AMBULANCE REFUND	603.00
BERG ASSESSING & CONSULTING INC	082619	ASSESSING CONTRACTED SVCS 09/19	6,250.00
BOUND TREE MEDICAL LLC	83315646	SUPPLIES - EMS DISP	599.65
BOUND TREE MEDICAL LLC	83315647	SUPPLIES - EMS DISP	206.94
BOUND TREE MEDICAL LLC	83319114	SUPPLIES - EMS DISP	810.18
CHARTER COMMUNICATIONS	5434 09/19	FAX LINE - PUBLIC SAFETY	39.99
CITY OF ALPENA	213-001 0819	SEW/WATER - MCRAE PK	562.08
CITY OF ALPENA	214-001 0819	SEW/WATER - MCRAE CONC STND	221.78
CITY OF ALPENA	217-007 0819	SEW/WATER - 9TH AVE TWR	487.28
CITY OF ALPENA	44524-001 0819	SEW/WATER - LONG LAKE COLD STORAGE	36.66
CITY OF ALPENA	6431-002 0819	SEW/WATER - N RIVERFRONT PK	1,134.93
CITY OF ALPENA	6432-001 0819	SEW/WATER - LONG LK AVE	907.02
CITY OF ALPENA	8111-002 0819	SEW/WATER - SPLASH PK	14,049.93
CITY OF ALPENA	10354-001 0819	SEW/WATER - TRAILHEAD	86.70
COCM	05013 09/19	CONFERENCE REG - BLDG	285.00
DE LAGE LANDEN FINANCIAL SERVICES	64701328	COPIER LEASE 09/19 - DDA	27.26
DEAN ARBOUR FORD LINCOLN MERCURY	28157	VEH MAINT - POLICE	238.15
DEAN ARBOUR FORD LINCOLN MERCURY	28178	VEH MAINT - POLICE	464.52
DEAN ARBOUR FORD LINCOLN MERCURY	28199	VEH MAINT - POLICE	26.22
DIVERSIFIED INSPECTIONS/ITL INC	INDI13320	SAFETY INSPECTION - FIRE EQ	1,175.00
DORNBOS SIGN & SAFETY INC	INV44155	SUPPLIES - PUBLIC WORKS	66.25
DORNBOS SIGN & SAFETY INC	INV45666	TRAFF CONTROL MAINT - MAJ ST	220.91
DORNBOS SIGN & SAFETY INC	INV45743	TRAFF CONTROL MAINT - MAJ ST	183.20
DOUGLASS SAFETY SYSTEMS LLC	45197	AIR COMPRESSOR MAINT - FIRE/EMS	1,080.00
DUFF & PHELPS LLC	MW00364904	PROF SERVICES - GEN/MAJ/LOC	1,500.00
DUFF & PHELPS LLC	MW00364905	PROF SERVICES - SEW/WATER	1,400.00
ELMER'S CRANE AND DOZER INC	WILSON 2019-02	WATER MAIN/INTERSECTION IMP - WILSON S	246,313.13
ENVIRONMENTAL EXCAVATING & ETNA SUPPLY	19-0044	MAINT - SEWER	3,578.00
FASTENAL COMPANY	S103195378.001	MAINT - PARKS	500.00
FASTENAL COMPANY	MIALP169019	VEH MAINT - DPW	7.00
FASTENAL COMPANY	MIALP169031	VEH MAINT - DPW	32.48
FASTENAL COMPANY	MIALP169081	VEH MAINT - DPW	16.76
FASTENAL COMPANY	MIALP169082	SUPPLIES - BOAT HARBOR	8.11
FEDERAL EXPRESS	6-709-14621	SHIPPING FEES	17.46
GREAT LAKES FIRE & SAFETY EQUIPMENT	6310	EXT MAINT - FIRE	126.90
HALLS SERV-ALL	T081819	RENTAL FEE - PARKS	1,734.83
HAROLD KNOPP	082519	MEAL REIMB - EMS	11.84
HURON ENGINEERING AND SURVEYING INC	3252	DENSITY TESTING - PARK PL	487.50
INK AND TONER ALTERNATIVE	18-7690	SUPPLIES - IT	630.93
INK AND TONER ALTERNATIVE	18-7746	SUPPLIES - IT	79.99
JANENE SKIBA	AP18-6041	AMBULANCE REFUND	165.58
JJ'S CATERING & RENTAL	E03687	LONGEST TABLE EVENT - DDA	272.00
JOHN BRODZIAK	081419	WORK APPAREL ALLOW - PW	47.69
JUSTIN GODIN	081419	SAFETY SHOE ALLOW - PW	185.50
KIRTLAND COMMUNITY COLLEGE	203323	CERTIFICATION TRAINING - POLICE	275.00
LEFAVE PHARMACY INC	081519	SUPPLIES - EMS DISP	53.16
LEWIS & LEWIS PROFESSIONAL	0406351S	WATER MAINS/MAJ ST - PRENTISS ST	2,695.00
LEXIPOL LLC	30453	ONLINE FIRE POLICY MANUAL	8,806.00
MACARTHUR CONSTRUCTION INC	CIP1 2019-03	WATER MAINS/MAJ ST - PARK PL	119,426.25
MICHAEL SANDERS	082319	MEAL REIMB - EMS	77.03
MICHAEL TOROK	082619	MEAL REIMB - EMS	128.17
MICHIGAN DOWNTOWN ASSOCIATION	2229	2019-20 DUES - DDA	300.00
MICHIGAN PIPE & VALVE	T001624	MAINT - SEWER	595.20
MID MICHIGAN MEDICAL CENTER-ALPENA	421	SUPPLIES - EMS DISP	635.00

## INVOICE REGISTER

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EXP CHECK RUN DATES 09/04/2019 - 09/04/2019

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VENDOR	INVOICE #	DESCRIPTION	AMOUNT
MILLER OFFICE MACHINES	AR7788	COPIER MAINT 07/19 - CH/PSF	403.32
MONICA JOY	AP19-1823C	AMBULANCE REFUND	325.00
MSC INDUSTRIAL SUPPLY CO INC	43690661	SUPPLIES - PUBLIC WORKS	53.01
NEMCOG	390-190816CALP	FY-20 APPROPRIATIONS	1,260.00
NICHOLAS HARRISON	072319	MEAL REIMB - EMS	17.54
NORTHERN CLEANING & MAINTENANCE	080119	MAINT - DDA	170.00
OFFICE DEPOT	339044586001	SUPPLIES - FIRE/EMS	86.40
OFFICE DEPOT	347432366001	SUPPLIES - FIRE/EMS	13.12
OFFICE DEPOT	347437204001	SUPPLIES - FIRE/EMS	0.97
OFFICE DEPOT	348089712001	SUPPLIES - FIRE/EMS	28.01
OFFICE DEPOT	352720902001	SUPPLIES - PUBLIC SAFETY	20.88
OMEGA ELECTRIC & SIGN CO INC	14772	SIGN - SANCTUARY	100.00
PRELLS TOWING LLC	19-0685	IMPOUND TOWING - POLICE	65.00
PRIORITY HEALTH MANAGED BENEFITS	AP18-3317C	AMBULANCE REFUND	594.60
RAPID RESULTS	9347	DRUG SCREEN - FIRE/EMS	30.00
RAPID RESULTS	9351	DRUG SCREEN - PUBLIC WORKS	30.00
RESERVE ACCOUNT-PITNEY BOWES	082819	POSTAGE - MAIL MACHINE	2,000.00
RICHARD MOUSSEAU	AP18-3659C	AMBULANCE REFUND	743.00
ROBERT WHEELLOCK	082419	SAFETY SHOE ALLOW - PW	235.54
SOUTHERN COMPUTER WAREHOUSE	IN-000589891	E-MAIL GATEWAY/SUPPORT RENEWAL	2,240.75
SOUTHERN COMPUTER WAREHOUSE	IN-000590861	SUPPLIES - IT	697.40
SPARTAN DISTRIBUTORS INC	11795963	VEH MAINT - DPW	555.24
SPECIFICATION STONE PRODUCTS	2419819A	MAINT - PARKS	332.63
STATE OF MICHIGAN	CARE1591REIM190	MILLER ST CONSTR - MAJ ST	36,582.07
STATE OF MICHIGAN	190000001029	SECOND AVE BRIDGE REHAB	4,594.54
SUEZ WATER ENVIRONMENTAL SERVICES	201937378	CONT OPERATIONS 07/19	140,674.45
SUEZ WATER ENVIRONMENTAL SERVICES	201937478	CONT OPERATIONS 07/19	35,634.52
TELE-RAD INC	893713	RADIO MAINT - POLICE	292.50
TELNET	173211	TELEPHONE	449.25
TRAVERSE REPRODUCTION & SUPPLY	66046	PRINTER SERVICE - IT	1,778.15
ULINE	111314269	SUPPLIES - PARKS	66.11
VERIZON WIRELESS	9835768393	TELEPHONE	972.87
VERIZON WIRELESS	9835768392	TELEPHONE	410.81
WALSH MUNICIPAL SERVICES LLC	072019	WEBSITE AD - CITY MGR	450.00
WITMER PUBLIC SAFETY GROUP	E1845754	UNIFORMS - FIRE/EMS	296.96

**Total: 677,818.54**

9/3/2019

	NAME	BOARD	TERM	New Ex. Date	APPT AUTH
Appoint	Jon Broers	Zoning Board of Appeals	3	10/1/2019	City Council
Will be appointed for a full three year term next month.					
Completing a term left vacant.					

# Memorandum



Date: August 26, 2019  
To: Mayor Waligora and Municipal Council Members  
From: Anna Soik, Clerk/Treasurer/Finance Director *AS*  
Subject: Costs and Voter Turnout August 6, 2019 Election

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The costs for the August 6<sup>th</sup> Special Election totaled \$12,256, which was billed to the Alpena County Library. For the November 5<sup>th</sup> election, we will once again be consolidating the precincts temporarily to reduce expenses.

The City had 8,202 registered voters at the time of the election, which is an increase of 12 voters since the May election. The voter turnout was 12.52% which equals 1,027 votes cast. Of that total, 289 votes or 28% were absentee ballots.

Of the 1,027 voters, 765 were aged 60 and older. There were 585 females that voted versus 442 males. The largest group of voters at 435 (42%) was once again comprised of females aged 60 and older.

**VOTER TURNOUT**  
**08/06/2019 - AUGUST**  
**ALPENA CITY (01740)**

	All	Voted	Percent	18-21	Voted	Percent	22-30	Voted	Percent	31-40	Voted	Percent	41-50	Voted	Percent	51-59	Voted	Percent	60+	Voted	Percent
<b>WARD PRECINCT : 00001</b>																					
Males	1244	77	6.19%	39	0	0.00%	190	4	2.11%	248	9	3.63%	223	1	0.45%	220	12	5.45%	324	51	15.74%
Females	1324	87	6.57%	56	0	0.00%	202	5	2.48%	226	6	2.65%	191	6	3.14%	248	15	6.05%	401	55	13.72%
No Gender	0	0	0.00%	0	0	0.00%	0	0	0.00%	0	0	0.00%	0	0	0.00%	0	0	0.00%	0	0	0.00%
All	2568	164	6.39%	95	0	0.00%	392	9	2.30%	474	15	3.16%	414	7	1.69%	468	27	5.77%	725	106	14.62%
<b>WARD PRECINCT : 00003</b>																					
Males	554	82	14.80%	19	0	0.00%	65	0	0.00%	66	2	3.03%	79	4	5.06%	75	6	8.00%	250	70	28.00%
Females	802	117	14.59%	17	2	11.76%	68	0	0.00%	82	5	6.10%	94	3	3.19%	104	12	11.54%	437	95	21.74%
No Gender	0	0	0.00%	0	0	0.00%	0	0	0.00%	0	0	0.00%	0	0	0.00%	0	0	0.00%	0	0	0.00%
All	1356	199	14.68%	36	2	5.56%	133	0	0.00%	148	7	4.73%	173	7	4.05%	179	18	10.06%	687	165	24.02%
<b>WARD PRECINCT : 00004</b>																					
Males	577	91	15.77%	21	1	4.76%	56	0	0.00%	82	8	9.76%	73	4	5.48%	85	6	7.06%	260	72	27.69%
Females	757	112	14.80%	19	1	5.26%	64	4	6.25%	95	4	4.21%	88	4	4.55%	119	6	5.04%	372	93	25.00%
No Gender	0	0	0.00%	0	0	0.00%	0	0	0.00%	0	0	0.00%	0	0	0.00%	0	0	0.00%	0	0	0.00%
All	1334	203	15.22%	40	2	5.00%	120	4	3.33%	177	12	6.78%	161	8	4.97%	204	12	5.88%	632	165	26.11%
<b>WARD PRECINCT : 00005</b>																					
Males	606	113	18.65%	16	0	0.00%	66	3	4.55%	102	6	5.88%	94	9	9.57%	92	9	9.78%	236	86	36.44%
Females	714	148	20.73%	21	1	4.76%	70	2	2.86%	88	11	12.50%	119	16	13.45%	115	9	7.83%	301	109	36.21%
No Gender	0	0	0.00%	0	0	0.00%	0	0	0.00%	0	0	0.00%	0	0	0.00%	0	0	0.00%	0	0	0.00%
All	1320	261	19.77%	37	1	2.70%	136	5	3.68%	190	17	8.95%	213	25	11.74%	207	18	8.70%	537	195	36.31%
<b>WARD PRECINCT : 00006</b>																					
Males	746	79	10.59%	19	1	5.26%	123	3	2.44%	144	9	6.25%	117	6	5.13%	115	9	7.83%	228	51	22.37%
Females	878	121	13.78%	25	0	0.00%	102	2	1.96%	134	15	11.19%	146	11	7.53%	155	10	6.45%	316	83	26.27%
No Gender	0	0	0.00%	0	0	0.00%	0	0	0.00%	0	0	0.00%	0	0	0.00%	0	0	0.00%	0	0	0.00%
All	1624	200	12.32%	44	1	2.27%	225	5	2.22%	278	24	8.63%	263	17	6.46%	270	19	7.04%	544	134	24.63%
<b>GRAND TOTALS:</b>																					
Males	3727	442	11.86%	114	2	0.00%	500	10	2.00%	642	34	5.30%	586	24	4.10%	587	42	7.16%	1298	330	25.42%
Females	4475	585	13.07%	138	4	0.00%	506	13	2.57%	625	41	6.56%	638	40	6.27%	741	52	7.02%	1827	435	23.81%
No Gender	0	0	0.00%	0	0	0.00%	0	0	0.00%	0	0	0.00%	0	0	0.00%	0	0	0.00%	0	0	0.00%
All	8202	1027	12.52%	252	6	2.38%	1006	23	2.29%	1267	75	5.92%	1224	64	5.23%	1328	94	7.08%	3125	765	24.48%

# **Target Alpena Development Corporation Annual Report 2018-2019**

## **Target Alpena Economic Development Corporation**

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Tel 989.354.4181

235 West Chisholm Street  
Alpena, MI 49707

[alpenachamber.com/economic-development](http://alpenachamber.com/economic-development)  
[jklarich@alpenachamber.com](mailto:jklarich@alpenachamber.com)

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## To Our Investors

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I would like to thank each of you for your support over the past year.

We are seeing the results of our efforts in many areas. Our unemployment rate is at a 20-year low, home sales are up, prices are reflecting demand, and most other economic data continues to trend in a positive direction.

In keeping with our mission to capture investment and create value across a broad spectrum of community development initiatives we are meeting with success and providing exceptional value to the residents of Northeastern Lower Michigan.

The following report is a summary of our recent activities. We feel that these activities will set the stage for future growth, opportunity, and prosperity in our area.

Thank you,

A handwritten signature in black ink, appearing to read 'Jim Klarich', with a large, stylized flourish at the end.

Jim Klarich  
Economic Development Director



## Activity Summary

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### City of Alpena

Activity relating to the rehabilitation of existing buildings to house new and vibrant businesses continues as does the interest in developing additional second story residential apartments.

We have continued to pursue a mixed-use development for the former Alpena Power Company site downtown and are pleased to inform you that we have recently executed a purchase agreement with a developer. This option will cover the timeframe necessary to perform due diligence on the site and to gather additional market data. The project calls for the construction of a mixed used building consisting of first floor commercial with condominiums above. How, if, and when, the unit mix and the total number of units will be driven by the market data determined by presale process. Please note that this is another absolute first for Alpena and if successful, it will fill a need for high end luxury condominiums on our downtown riverfront.

We recently optioned all six remaining lots in the Commerce Industrial Park. This option allows the developer time to create a proposal for a potential customer to garner interest and decide which lots may be most suitable for their needs.

We have met with several developers regarding potential redevelopment sites and vacant sites for attached housing complexes throughout the area.

We have assisted numerous local businesses in a variety of ways, most pertaining to developing long term strategy, business expansions, business startup, and relocation options.

### Alpena Township

As previously announced, we helped secure a buyer for the former Kmart property and are working to rezone the property from commercial to light industrial.

We have met with property owners and provided developers with information regarding several opportunities regarding both buildings and potential land acquisitions.

### Presque Isle County

The PIEDC recently approved the conveyance of their property adjacent to the Onaway airport to PIEG to be used for the construction of a new headquarters building.

Over the past six months, we have been working diligently with developers and Rogers City staff to capture a large-scale hospitality project on the former Vogelheim property downtown. This project is slated to begin in spring of 2020.

Additional separate new and redevelopment opportunities are being discussed with interested parties in downtown Rogers City. If, and when finalized, we expect those projects to also start taking shape in the spring.

**SBDC Activity Summary (July 2018 - June 30, 2019)**

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**Alpena County**

90 clients served  
283 counseling hours  
13 business starts  
20 jobs created  
20 jobs retained  
\$1,562,000 capital formation

**City of Alpena (Included in County)**

56 clients served  
193 counseling hours  
8 business starts  
11 jobs created  
\$436,300 capital creation

**Presque Isle County**

28 clients served  
50 counseling hours  
1 business start  
4 jobs created  
13 jobs retained  
\$2,950,000 capital creation

## **Alpena Area Chamber of Commerce Initiatives**

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We have a strong relationship with the Alpena Area Chamber of Commerce for our economic development work/needs. The Chamber employs all economic development staff, manages administrative work for the organization, and adds value to, and supports, our work in economic development. Below is a summary of their work.

The Alpena Area Chamber continues to engage with Alpena High School students on educational attainment/workforce development initiatives, reaching every 11th grader for five weeks to teach career readiness skills. They continue to assist students in connecting with job shadow opportunities. Most recently they started dialogue with educators at Alpena Community College to bring some of this training into their classrooms.

The Chamber has focus on offering educational opportunities to businesses on the topics of leadership, human resource issues, and more. They are on track to offer more educational opportunities in 2019 than any year prior. They also partner with other organizations on programming (NEMHRA, Lappan Agency, Accident Fund Insurance).

The Chamber continues to hold the Michigan One Stop Operator contract for Alpena Michigan Works. This is their third year with the contract.

The Chamber's Young and Successful in Alpena, MI video series has been very popular. The purposes of the series are to 1) fight back against the perception that Alpena is a retirement town, and 2) show youth in the area that it is possible to make a life and a living here.

With the addition of a new position, Membership Director, the Chamber has been able to focus more energy on moving businesses/entities up in the investment tiers. This has a positive impact on economic development as those funds go directly to economic development activities.

Additionally, the Chamber is a partner in the Northern Michigan Chamber Alliance and has worked on a variety of legislative issues to make it easier for businesses to survive and thrive. They also continue to work with other Chambers in the region, providing resources for them to use with their own members, and helping to strengthen the work they do.

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## Closing Statement

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It is our sincere desire to offer you unparalleled service and positive outcomes. While our reports are a positive indicator of activity and success, they don't effectively communicate the amount of time and effort that's required to achieve them, or the failures encountered along the way. Be assured that our goal is simple - to enhance the quality of life and the economic wellbeing of the residents of northeast Lower Michigan.

Respectfully submitted,

Economic Development Board of Directors

Chad Esch, Bannan Funeral Home

Ryan Fairchild, Omega Electric & Sign Company Inc.

Anne Gentry, Downtown Development Authority

Gary Graham, Alpena Power Company

Andrew Kowalski, Edward Jones - Andrew Kowalski

Bridget LaLonde, Presque Isle County

Tom Lappan, Lappan Agency

Don MacMaster, Alpena Community College

Michael Nowak, City of Alpena

Bill Peterson, County Commissioners

Nathan Skibbe, Charter Township of Alpena

Brian VanWormer, Employment Services Inc

Dennis Werner, H.P.C. Credit Union

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## Company Information

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Target Alpena Economic Development Corporation is a 501(c)3 corporation and it functions as the economic development arm of the Alpena Area Chamber of Commerce.

Target Alpena's partners include:

Michigan Economic Development Corporation

Michigan Department of Agriculture and Rural Development

Small Business Development Center

Small Business Association

U.S. Department of Agriculture and Rural Development

U.S. Economic Development Administration

## Contact Information

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235 West Chisholm Street  
Alpena, MI 49707

Tel 989.354.4181

[alpenachamber.com/economic-development](http://alpenachamber.com/economic-development)






# Memorandum

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Date: August 21, 2019

To: Anna Soik, City Clerk/Treasurer/Finance Director

Copy: Greg Sundin, City Manager

From: Rich Sullenger, City Engineer 

Subject: MDOT Maintenance Contract 2019-2024

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The City has received the MDOT maintenance agreement for the period from 10-1-2019 through 9-30-2024. Upon review of the document, most of the changes were language related, for clarity. There is one significant change for the new contract. Reporting and reimbursement will be done on a bi-monthly basis in lieu of the previous quarterly basis. This will result in two additional report submittals by the City but will also result in a quicker reimbursement of MDOT related expenses paid.

Upon review of the contract, it is my recommendation, as City Engineer, that Council approve MDOT contract 2019-0627 being the MDOT maintenance contract. This should be done by resolution naming the City Clerk and City Engineer to execute the contract on behalf of the City. The City Engineer is being named as a signatory only because the document needs to be digitally signed and submitted to MDOT.

Attachments



CONTRACT NO.  
REGION:  
AGENDA: DAB

**MICHIGAN DEPARTMENT OF TRANSPORTATION**  
**STATE TRUNKLINE MAINTENANCE CONTRACT**

This Contract, made and entered into this date of \_\_\_\_\_, by and between the Michigan Department of Transportation (MDOT), and the Michigan municipal corporation (Municipality) of the

**RECITALS:**

MDOT is authorized by 1925 PA 17 Section 2, MCL 250.62 to contract with the Municipality for the construction, improvement, or maintenance of state trunkline highways. MDOT, subject to the approval of the State Administrative Board; and

MDOT has so advised the State Transportation Commission and the Appropriations Committees of the Senate and House of Representatives in accordance with 1951 PA 51 Section 11c, MCL 247.661c; and

MDOT has affirmatively found that contracting with this Municipality for the maintenance of state trunkline highways and bridges within its contract area, is in the best public interest.

The parties agree as follows:

**Section 1. ORGANIZATION, EQUIPMENT, AND FACILITIES**

The Municipality will provide personnel, equipment, materials, and facilities to maintain the state trunkline highways and provide agreed upon services under the terms of this Contract. MDOT will review the Municipality's operation and organizational plan, annually, relative to the work to be completed under this Contract. MDOT will approve the plan if it meets MDOT's goals for the state trunkline system. The Municipality will furnish an organizational chart showing garage locations, all facilities including salt sheds, the names of supervisory personnel, and any other information incidental to the performance of this maintenance contract as required by the Region Engineer.



## **Section 2. SCOPE OF WORK**

- A. The Municipality will perform maintenance work under the direction of the Region Engineer of MDOT or a designee of the Region Engineer, acting under the general direction of the Engineer of Transportation Systems Management Operations of MDOT. Maintenance and other work will be performed under the terms of this Contract and as covered by the Field Activity Budget, subsequent work plans, and Transportation Work Authorizations (TWAs), for each fiscal year, which are incorporated herein by reference. Work performed under this Contract will be performed in accordance with accepted maintenance practices and/or specifications provided by MDOT as identified in a written Letter of Understanding.
1. A written Letter of Understanding shall be drafted by MDOT and signed by both MDOT and the designated representative of the Municipality. The letter shall remain in effect until either replaced or modified by the Region Engineer and approved by the Municipality. The letter will outline the number and type of maintenance activities to be performed under this Contract (A sample Letter of Understanding is attached as Appendix F). The Letter of Understanding shall provide sufficient detail of the work activities to be performed, expectations or outcomes from the performance of this work, and identification of budget line items for budgeting and billing purposes.
  2. The executed Letter of Understanding and all subsequent approved revisions thereto, are incorporated herein by reference as if the same were repeated in full herein.
  3. If the Municipality is unable to perform any of the services outlined in the Letter of Understanding on a twenty-four (24) hour, seven (7) day-a-week basis, the Municipality will immediately notify MDOT. MDOT will work with the Municipality to ensure that the services defined in the Letter of Understanding are performed.
- B. When the Municipality inspects permits on MDOT's behalf or assists MDOT with a permit:
1. MDOT will require all Permit Applicants to "save harmless" the State of Michigan, Transportation Commission, MDOT, and all officers, agents, and employees thereof, and the Municipality, their officials, agents and employees, against any and all claims for damages arising from operations covered by the permit as a condition of all permits issued by MDOT.

2. MDOT will further require Permit Applicants to provide comprehensive general liability insurance, including coverage for contractual liability, completed operations, and/or product liability, X (Explosion), C (Collapse), & U (Underground), and a contractor's protective liability with a blasting endorsement when blasting is involved, or commercial general liability insurance which includes all the above, naming as additional parties insured on all such policies, the State of Michigan, Transportation Commission, MDOT, and all officers, agents, and employees thereof, the Municipality their officials, agents, and employees. The Permit Applicant will provide written proof of the insurance to MDOT. MDOT may waive this requirement for permits issued to governmental entities and public utilities or when specifically waived by the Municipality in writing.
3. The amounts of such insurance will be no less than:

Comprehensive General Liability:

Bodily Injury	--	\$500,000 each occurrence
	--	\$500,000 each aggregate
Property Damage	--	\$250,000 each occurrence
	--	\$250,000 each aggregate

Commercial General Liability Insurance:

\$500,000 each occurrence and aggregate

- C. TWAs may be issued by the Region Engineer for special maintenance work (work not covered by the Line Item Budget) and non-maintenance work. This work may be performed by the Municipality or a subcontractor as set forth in Section 9 of this Contract. TWAs will be performed in accordance with MDOT's accepted maintenance practices and specifications as specified on the TWA. The Municipality will provide the necessary supervision or inspection to assure that the work is performed in accordance with the TWA.

The Municipality and MDOT may agree to include additional maintenance items to be covered under this Contract. Such items may include, but are not limited to, maintenance of traffic control devices (signals), freeway lighting and intelligent traffic system (ITS). All such work will be listed in the Letter of Understanding, included in the line item budget and defined in a supplemental scope which will become an attachment to this Contract.

The Municipality shall be responsible for providing all traffic control necessary to complete the work as outlined in this Contract unless otherwise agreed to by MDOT.

The Municipality and MDOT may enter into separate agreements for the shared payment of installation, maintenance, and energy costs for traffic control devices.

- D. The Region Engineer is authorized to issue written orders, as necessary, for the performance of maintenance work under the provisions of this Contract.

### **Section 3. INTEGRATION OF STATE AND MUNICIPAL WORK**

The Municipality will furnish qualified personnel and adequate equipment and may furnish materials, as set forth in this Contract, as needed to perform maintenance on state trunkline highways, consistent with MDOT's established core level of service for winter and non-winter maintenance activities, an approved annual budget, work plan, and work schedule. Personnel and equipment may be used on the local road system and state trunkline highways as conditions warrant.

### **Section 4. HIGHWAY MAINTENANCE CONTRACT ADMINISTRATOR**

The Municipality hereby designates \_\_\_\_\_ as Contract Administrator on state trunkline highways, who will be responsible for budget and the administration of the Contract. In the event the Municipality desires to replace the Contract Administrator, the Municipality will notify MDOT within (30) days of the change in writing.

### **Section 5. SUPERVISION**

The Municipality hereby designates, where applicable, the following:

Maintenance Superintendent (Streets): \_\_\_\_\_

Signal/Electrical Superintendent: \_\_\_\_\_

Storm Sewer Superintendent: \_\_\_\_\_

Other (Specify): \_\_\_\_\_

who will supervise all work covered by this Contract. In the event the Municipality desires to replace the designated contacts, the Municipality will notify MDOT within (30) days of the change in writing.

## **Section 6. WAGE SCHEDULE**

Wages paid by the Municipality for work on state trunkline highways will be the same as on street work for the Municipality.

Premium Pay and Overtime Pay (specify under what conditions and percentage of regular rate paid if not specified in the attached labor agreement).

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Pay for “show-up time” (Specify under what conditions and number of hours, if a minimum number is used and is not specified in the attached labor agreement).

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No “stand by at home” pay will be included in charges for work on state trunkline highways.

MDOT will reimburse the Municipality for Direct Labor Overhead costs on all labor costs properly chargeable to MDOT, including but not limited to, vacation, sick leave, holiday pay, workers’ compensation, retirement, social security, group life insurance, hospitalization, longevity, unemployment insurance, and military leave, hereinafter referred to as “EMPLOYEE BENEFITS,” in accordance with Section 16.

## **Section 7. MATERIALS TO BE ACQUIRED AND SPECIFICATIONS**

Material necessary for the performance under this Contract, may, at the option of the Municipality, be purchased by the Municipality unless otherwise directed by the Region Engineer. The Municipality will advertise and receive competitive bids when such purchases exceed Ten Thousand Dollars (\$10,000.00) or if required by federal or state law.

The Municipality will retain documentation that such bids were taken. Failure to retain documentation that such bids were taken may result in denial of reimbursement of the costs of such materials.

The following materials: bituminous pre-mixed materials, bituminous materials, aggregates (except ice control sand), bulk salt and traffic control devices used on state trunkline highways by the Municipality will conform to current or supplemental specifications of MDOT, unless otherwise approved in advance by the Region Engineer. The Region Engineer may require approval by MDOT'S Construction Field Services Division or by a laboratory approved by the Construction Field Services Division. Copies of approvals will be placed on file in the offices of the Municipality and the Region Engineer. If MDOT-owned materials are stored jointly with Municipality-owned materials, proper and adequate inventory records must be maintained by the Municipality, clearly indicating the portion that is MDOT-owned.

## Section 8. PRICE SCHEDULE OF MATERIALS AND SERVICES

Materials produced and/or supplied by the Municipality including aggregates and bituminous materials, may be furnished at a firm unit price subject to approval of source and price by the Region Engineer. Firm unit prices are not subject to unit price adjustment by review.

The Municipality may change, add, or delete firm unit prices when requested in writing and approved by the Region Engineer at least sixty (60) days prior to the effective date of the change, addition, or deletion.

### FIRM UNIT PRICES

<u>ITEM KIND</u>	<u>ITEM LOCATION</u>	<u>PRICE UNIT</u>	<u>PRICE INCLUDES*</u>	<u>PER UNIT</u>

Insert above, the following applicable number(s):

\*Firm Unit Price Includes:

<u>Item Kind</u>	<u>Item Locations</u>
1. Processing/or Mixing Costs	1. Pit Site
2. Stockpiling/or Hauling to Stockpile Costs	2. Yard
3. Royalty Costs	3. Other (Describe)
4. Municipal Supplied Salt or Calcium Chloride (when used in a winter salt/sand mixture)	
5. Winter Sand	
6. Bituminous Costs	
7. Other (Describe)	

MDOT may review all records necessary to confirm the accuracy of the material quantities for all materials on the Firm Unit Price List shown above for which the Municipality requests reimbursement.

Items purchased from a vendor source or vendor stockpile for direct use on the state trunkline highways, are not eligible for firm unit price consideration and should be billed at vendor pricing.

Reimbursement for all materials supplied by the Municipality which are not included in the firm unit price schedule will be reimbursed in accordance with Section 16(D). MDOT may review all records for materials purchased from a vendor source or vendor stockpile for direct use on state trunkline highways.

## **Section 9. SUBCONTRACTS**

The Municipality may subcontract any portion of the work to be performed under this Contract. Bid/price solicitation and subcontracts will be in conformance with the Municipality's contracting process, and applicable state laws, except as modified herein. All subcontracted work will require the Municipality to submit a Quotation Request for Services or Equipment (Form 426) along with relevant bid and contract documents and bid or quote tabulation.

All subcontracted work will be performed in accordance with the established Scope of Work outlined on Form 426 and any specifications developed by the Municipality and/or MDOT for said subcontracted work. The scope of work and specifications (if any) must be approved by the Region Engineer. The Municipality will provide the necessary supervision or inspection to assure the subcontracted work is performed in accordance with the scope of work and specifications. At no time will the Municipality pay for subcontracted work until the work has been inspected and approved for compliance with the scope of work and specifications.

Emergency work will be subcontracted based on a verbal approval given by the Region Engineer. The work must be supported by the subsequent submission of Form 426 upon completion of work. State Administrative Board approval is required within thirty (30) days of completion of emergency work for contracts of \$250,000 or greater.

It is the intent of the parties to extend the terms of the Contract if the subcontract work is in progress at the conclusion of the Contract term. This provision shall not apply if this Contract is terminated by the Municipality or MDOT.

Failure to obtain the necessary approvals or to retain the documentation that the bids, prices, or rate quotations were solicited as required under this Section, may result in a denial of the reimbursement of the costs.

For subcontracts involving the items of CLEANING DRAINAGE STRUCTURES, SWEEPING AND FLUSHING or GRASS AND WEED CONTROL, the Municipality will include a cancellation clause that will allow the Municipality to cancel the subcontract if funds are not made available by MDOT.

County and/or Municipality-based advantage programs (CBA Process) or any type of preference program that awards contracts based on criteria other than low bid through the competitive bidding process, will not be used for MDOT-funded projects.

The term of the subcontract will not exceed five (5) years; said term will include any time extensions.

**The subcontract solicitation and approval process will be as follows:**

- A. **Subcontracts \$24,999 or less:** The Municipality will solicit either a bid price, or rate quotation from three or more qualified sources. Documentation of solicitation from all qualified sources must be retained for at least three (3) years following final payment made for each subcontract. Region Engineer approval of Form 426 is required.
- B. **Subcontracts \$25,000 or greater:** The Municipality will advertise and award by competitive bid. Advertisements must clearly define contract term and location of work. Documentation of the solicitation from all qualified sources must be retained for at least three (3) years following final payment made for each subcontract. Region Engineer approval of Form 426 is required.

**State Administrative Board approval is required prior to the execution of contracts that are \$500,000 or greater.**



State Administrative Board requirements for Amendments (previously referred to as overruns, extra work and adjustments), are outlined in Appendix E, attached hereto and made a part hereof.

#### **Section 10. NON-DISCRIMINATION**

In connection with the performance of maintenance work under this Contract, the Municipality (hereinafter in Appendix C referred to as the “contractor”) agrees to comply with the State of Michigan provisions for “Prohibition of Discrimination in State Contracts,” as set forth in Appendix C, attached hereto and made a part hereof. The Municipality further covenants that it will comply with the Civil Rights Act of 1964, being P.L. 88-352, 78 Stat. 241, as amended, being Title 42 U.S.C. Sections 1971, 1975a-1975d, and 2000a-2000h-6 and will require similar covenants on the part of any contractor or subcontractor employed in the performance of this Contract.

#### **Section 11. ANTI-KICKBACK**

No official or employee of the Municipality or of the State of Michigan will receive remuneration (directly or indirectly) for the purchase of materials, supplies, equipment, or subcontracts in connection with the performance of this Contract.

#### **Section 12. SCOPE OF CONTRACT**

It is declared that the work performed under this Contract is a governmental function which the Municipality performs for MDOT. This Contract does not confer jurisdiction upon the Municipality over the state trunkline highways encompassed by this Contract or over any other state trunkline highways. This Contract may not be construed to confer temporary or concurrent jurisdiction upon the Municipality over a state trunkline highway. Nothing inconsistent with the underlying statutory jurisdiction, duties, prerogatives, and obligations of MDOT is herein intended. The parties hereto further declare that this Contract is not made for the benefit of any third party.

#### **Section 13. INSURANCE**

- A. The Municipality will furnish MDOT with a certificate of automobile liability insurance, which complies with the No-Fault Automobile Insurance laws of the State of Michigan, MCL 500.3101, *et seq.* The Insurance coverage will include vehicles owned, leased or rented by the Municipality. Such insurance will not be less than Two Hundred and Fifty Thousand Dollars (\$250,000.00) for bodily



injury or death of any one person. Coverage for public liability, property damage, and combined single limit will also comply with the No-Fault Automobile Insurance laws of the State of Michigan. The Municipality will provide thirty (30) days notice to MDOT prior to cancellation, termination, or material change of the policy. The certificate of said insurance, on MDOT Form shall be submitted to MDOT on DEPARTMENT Form 428 (Certificate of Insurance for State Highway Maintenance Contract) covering public liability and property damage, indicating thereon the policy number, and the aforesaid thirty (30) days notice provisions and the limits of liability. The Municipality agrees to review its insurance programs with its statewide association in an attempt to obtain cost savings and efficiency for MDOT.

If the Municipality is self-insured, a copy of the Secretary of State's Certificate of Self-insurance will be submitted to MDOT.

- B. In the event the Municipality receives a Notice of Intent to File Claim and/or any complaint filed by a person seeking to recover damages from the Municipality for its alleged acts or omissions on a state trunkline highway, the Municipality will provide a copy of such notice to the Assistant Attorney General, within fifteen (15) days of receipt of said notice or complaint. The Notice of Intent to File Claim and/or any complaint filed by a person seeking to recover damages from the Municipality will be sent to:

Assistant Attorney General  
Division Chief  
Transportation Division  
Van Wagoner Building - 4<sup>th</sup> Floor  
425 West Ottawa Street  
P.O. BOX 30050  
Lansing, Michigan 48909

Thereafter, the Municipality will provide copies of pleadings and other information regarding the claim or lawsuit when requested by an Assistant Attorney General

#### **SECTION 14. WORKERS' DISABILITY COMPENSATION**

The Municipality will comply with the Michigan Workers' Disability Compensation Law for all employees performing work under this Contract, MCL 500.3400, *et seq.*

## **SECTION 15. BUDGET GUARANTEE**

Each MDOT fiscal year, a winter and non-winter maintenance budget will be prepared separately. These budgets will be established by the Region Engineer within guidelines established by MDOT. Prior to the development of an annual budget by the Region Engineer, the Municipality and MDOT will meet and develop a proposed work plan including a schedule for routine maintenance and the associated cost of the work plan for the coming year. This proposed work plan will be broken down by month and form the basis of the non-winter maintenance budget for the Municipality for the next fiscal year. The non-winter budget will be balanced over all twelve months of the fiscal year. The budget will be adjusted each month to address budget overruns and under-runs to ensure that total Municipality budget is not exceeded. MDOT will work with the Municipality to reach agreement on the components of this annual work plan, taking into consideration the features and conditions of the state trunkline system within the Municipality's contract area, as well as the size of the Municipality's staff that is available for state trunkline Highway maintenance. MDOT and the Municipality will identify maintenance activities that can be performed in the winter months when not performing winter maintenance.

The Municipality will work with MDOT to develop an annual priority plan for scheduling work over the term of this Contract consistent with MDOT'S road preservation objectives.

MDOT will establish the winter maintenance budget based on a five (5)-year average of winter expenditures which includes the costs for labor, fringe benefits, equipment, MDOT Salt Stores, Municipality supplied road salt, winter sand, other de-icing chemicals and overhead.

The Region Engineer and the Municipality will review the non-winter maintenance budget together at least every other month. This review will cover work planned and conducted, work planned and not conducted, and the current status of the non-winter maintenance budget. Any adjustments to the proposed work plan to curtail or expand operations to meet budget limitations will be covered in this budget review. During winter operations, the winter budget will be reviewed monthly by the Region Engineer and the Municipality.

MDOT and the Municipality will meet between March 1 and May 15 of each budget year to discuss a supplemental summer program. The supplemental summer program will be funded by the remainder of the winter budget. During this meeting, participants will estimate the remainder of the winter budget, review the status of current and future bills for winter maintenance and propose a supplemental summer. The proposed work activities will be prioritized to support MDOT'S preservation strategy as indicted in Appendix G.

## SECTION 16: REIMBURSEMENT SCHEDULE REQUEST FOR REIMBURSEMENT

MDOT will reimburse the Municipality for the following costs incurred in the performance of routine maintenance, non-maintenance, and all other work covered by this Contract, except as set forth in Sections 18, 19, 20, and 21. To be eligible for reimbursement under this Section, costs must be submitted to MDOT prior to the start of the review for each respective year of the Contract period.

- A. MDOT will reimburse the Municipality for the cost of all labor employed in the performance of this Contract. The reimbursement will include the expense of permit inspections, field and office engineering, and reviewing expenses in connection with force account work by subcontractors.
- B. MDOT'S share of the cost of EMPLOYEE BENEFITS as referred to in Section 6 as a percentage of payroll. The percentage shall be developed using MDOT Form 455M (Report of Employee Benefit Costs for the Municipality) and shall conform with the general accounts of the Municipality on the Municipality's previous fiscal years' experience. These charges are subject to review in accordance with Section 25.
- C. MDOT'S share of the actual cost of Municipality owned or purchased energy.
- D. MDOT will reimburse the Municipality for the cost of purchased bulk (measured by volume or weight) materials and Non-Bulk (measured by area or count) material used in the performance of this Contract. The Municipality shall deduct all discounts or rebates in excess of two percent (2%), to establish the reimbursed cost.
- E. MDOT will reimburse the Municipality for the cost of handling materials furnished by the Municipality and materials furnished by MDOT as follows:
  - 1. **Bulk Items (measured by volume or weight):**  
The direct expenses of handling, such as unloading, processing, stockpiling, heating or loading of materials measured by volume or weight in bulk, bags or drums such as aggregates, bituminous materials and chemicals, on condition that reimbursement of such expenses is not provided elsewhere herein, provided that these costs can be identified within the records of the Municipality. When bulk items paid for by MDOT are co-mingled with the Municipality's materials, MDOT will only reimburse the Municipality for the cost of handling the portion expected to be used on the state trunkline highways. The Municipality will establish a rate of use annually, based on the previous year's use to

identify MDOT's share of handling cost. The Municipality's established rate is subject to adjustment by review.

**2. Non-Bulk Items (measured by area or count):**

A five percent (5%) handling and storage charge may be added to the purchase price of all materials measured by area or count provided such materials are stocked in and distributed from approved storage facilities. When reported by the Municipality, charges for handling and storage in excess of five percent (5%) will be reimbursed to the Municipality upon review, provided that these charges can be identified and supported within the records of the Municipality.

- F. Equipment owned by the Municipality will be reimbursed at the established rental rates found in Schedule C, Report 375 Equipment Rental Rates, issued annually by MDOT. Rented equipment will be reimbursed at actual cost for the equipment rental.
- G. MDOT will reimburse the Municipality for the amounts paid by the Municipality to a subcontractor as set forth in Section 9.
- H. MDOT will reimburse the Municipality for the cost of labor, materials, and equipment rental incurred in connection with engineering, supervision, and inspection of subcontract work.
- I. Overhead in Accordance with Attached Overhead Schedule.

MDOT will reimburse the Municipality for overhead costs at the appropriate percentage rate as indicated in Appendix B. The overhead rate shall be based upon the original annual budget established for the Municipality and shall not change.

The overhead amount payable under Section 16(I) is reimbursement to the Municipality for all costs and expenses arising out of the performance of this Contract not specifically described in other sections of this Contract. This reimbursement includes salary and expenses (including transportation) of the Maintenance Superintendent (except as noted in Section 16(K)), salaries of clerical assistants, including radio communication staff, office expense, storage rentals on Municipality owned property, and the cost of small road tools. Work tools without a power assist and used in a road or a bridge maintenance activity, are considered small road tools. Small road tools do not have an equipment rental rate listed in Schedule C, Report 375, Equipment Rental Rates. Small road tools are reimbursed as an overhead cost.

- J. MDOT will reimburse the Municipality for MDOT'S pro-rata share of the cost to maintain chemical storage facilities as provided for in the chemical storage facility contracts between the Municipality and MDOT.

- J. MDOT will reimburse the Municipality for MDOT'S pro-rata share of the cost to maintain chemical storage facilities as provided for in the chemical storage facility contracts between the Municipality and MDOT.
- K. Requests for reimbursement to be made at least bi-monthly (every other month) on the basis of certified statement of charges prepared and submitted by the Municipality within thirty (30) days from the end of each bi-monthly period on forms furnished by MDOT or using an equivalent approved alternative format. Costs submitted beyond sixty (60) days from the end of each bi-monthly period will include written justification for the delay and will be paid only upon approval of the Region Engineer. Upon written request to the Region Engineer, payment may be made to the Municipality on a monthly basis, after submission to MDOT of certified statements of costs for each monthly payment period. Municipalities with a line item budget contract of \$100,000 or greater **shall** submit request for reimbursement on a **monthly** basis through MDOT'S Local Agency Payment System (LAPS).
- L. The Municipality will be reimbursed as a direct cost for work performed by the Maintenance Superintendent making regular inspections of state trunkline highways in accordance with written instructions from the Region Engineer. This time shall be specifically recorded on daily time sheets and reported as a direct labor charge.
- It is further agreed that in smaller municipalities, the Maintenance Superintendent designated above may at times be engaged in tasks other than those of a strictly supervisory nature, such as operator of a truck or other highway equipment. The Municipality may be reimbursed for this time worked on state trunklines, provided that all such time for non-supervisory work is specifically recorded on the daily time sheet and reported on the Maintenance Payroll Report Form 410A. The exact dates on which the Maintenance Superintendent so worked, the number of hours worked, and the number of hours worked under each classification shall be indicated on the Maintenance Payroll Report Form 410A.

## **SECTION 17: ELECTRONIC FUNDS TRANSFER**

Public Act 533 of 2004 requires that payments under this Contract be processed by electronic funds transfer (EFT). The Municipality is required to register to receive payments by EFT at the SIGMA Vendor Self Service (VSS) website ([www.michigan.gov/SIGMAVSS](http://www.michigan.gov/SIGMAVSS)).

## **SECTION 18: SNOW HAULING**

MDOT will share in the cost of snow hauling if each snow hauling effort is approved by the Region Engineer. MDOT'S share of snow hauling will be determined based on the ratio of area designated for traffic movement to the total area of the state trunkline highway right-of-way within the agreed upon area of snowhaul. MDOT will subtract the area of parking lanes and sidewalks from the total area of the state trunkline highway right-of-way to determine the area designated for traffic movement. MDOT'S reimbursement for snow hauling from state trunkline highways, based upon this calculation, is paid at the rate of \_\_\_\_\_ percent (%) of actual charges supported by proper documentation. The frequency (annually, each storm, etc.) will be at the discretion of the Region Engineer. The Municipality should denote snow hauling charges as Activity 149, Other Winter Maintenance, on Trunk Line Maintenance Reports. A prior written authorization for each snow haul event from the Region Engineer shall be required and kept on file for review purposes.

The Municipality agrees that it will prohibit additional snow from being deposited on the highway right-of-way from side streets.

## **SECTION 19: PAVEMENT MARKING**

Compensation for the item of PAVEMENT MARKING will be made on the basis of actual expenditure only, except in no case will the Municipality be compensated for a total expenditure in excess of the amount designated for PAVEMENT MARKING in the Line Item Budget for the appropriate MDOT fiscal year. Compensation for PAVEMENT MARKING is limited to only painting authorized by the Region Engineer. The Municipality shall not include charges for curb painting in the routine maintenance cost for state trunkline maintenance.

## **SECTION 20: COMPENSATION FOR AESTHETIC WORK ITEMS**

Compensation for the items of SWEEPING AND FLUSHING, GRASS AND WEED CONTROL and ROADSIDE CLEAN UP will be made on the basis of actual expenditures only, except that in no case will the Municipality be compensated for a total expenditure in excess of the budget amount designated each of these three work activities on the Summary of the Field Activity Budget for the appropriate MDOT fiscal year.

The number of work operations for each of these three activities will be agreed upon between the Municipality and Region Engineer; and reflected in each line activity budget amount.



## **SECTION 21: TREES AND SHRUBS**

Except for emergency work, the Municipality must request MDOT'S written approval to remove dead trees and/or trim trees prior to the start of work. MDOT will pay all costs to remove dead trees. MDOT and Municipality shall equally share costs when state and local forces combine efforts to trim trees within the trunkline right-of-way as approved by the Region Engineer.

## **SECTION 22: EQUIPMENT LIST**

The Municipality will furnish MDOT a list of the equipment it uses during performance under this Contract, on MDOT form 471 (Equipment Specifications and Rentals.) This form shall be furnished to MDOT no later than February 28 of each year.

## **SECTION 23: RECORDS TO BE KEPT**

The Municipality will:

- A. Establish and maintain accurate records, in accordance with generally accepted accounting principals, of all expenses incurred for which payment is sought or made under this Contract, said records to be hereinafter referred to as the "RECORDS." Separate accounts will be established and maintained for all costs incurred under the state trunkline maintenance contract. The Municipality will retain the following RECORDS, and others, in accordance with generally accepted accounting principles:
  - 1. Retain daily timecards or electronic timekeeping files for employees and equipment indicating the distribution of time to route sections and work items. Daily timecards must be signed by the employee, the immediate supervisor and by the timekeeper when the timekeeper is employed. If the Municipality uses crew-day cards, it will retain crew-day cards backed by a time record for the pay period signed as above, in lieu of daily individual timecards detailing the time distribution. If the Municipality uses electronic timekeeping, it will retain data files detailing time distribution and assigned supervisor approval.
  - 2. Retain properly signed material requisitions (daily distribution slips) which indicate type of material, quantity, units of measure, the date of distribution and the distribution to route sections and work items.

3. Retain additional cost records to support and develop unit cost charges and percentages as applied to invoice costs. No such cost records are necessary in support of the overhead percentage or the five percent (5%) handling charge.
- B. The Municipality will maintain the RECORDS for at least three (3) years from the date of MDOT'S receipt of the statement of charges for the quarter ending September 30 of each year of this Contract period. In the event of a dispute with regard to the allowable expenses or any other issue under this Contract, the Municipality will thereafter continue to maintain the RECORDS at least until that dispute has been finally decided and the time for all available challenges or appeals for that decision has expired.

Representatives of MDOT may inspect, copy or review the RECORDS at any mutually acceptable time. However, the Municipality cannot unreasonably delay the timely performance of the review.

#### **SECTION 24: COST CERTIFICATION, REIMBURSEMENT AND ADJUSTMENT**

The Municipality hereby certifies that, to the best of the Municipality's knowledge, the costs reported to MDOT under this Contract will represent only those items which are properly chargeable in accordance with the Contract. The Municipality also hereby certifies that it has read the Contract terms and is aware of the applicable laws, regulations, and terms of this Contract that apply to the reporting of costs incurred under the terms of this Contract.

#### **SECTION 25: CONTRACT REVIEW AND RESPONSE**

The Municipality's records will be subject to review/audit within the statute of limitations, and the review/audit period will coincide with the Municipality's fiscal year, unless the Contract is terminated or not renewed. The term "review/audit" hereafter will be referred to as "review".

Charges by the Municipality for maintenance of state trunkline highways and authorized non-maintenance work performed under this Contract will not be adjusted (increased or decreased) by review after twenty-four (24) months subsequent to the date of MDOT'S receipt of certified statement of charges for the quarter ending September 30 of each year of this Contract period. This limitation will not apply in case of fraud or misrepresentation of material fact or if mutually agreed to in writing.



The firm unit prices for aggregates and bituminous materials that are processed and furnished by the Municipality will not be subject to adjustment.

If any adjustments are to be made, the Municipality will be notified of the tentative exceptions and adjustments within the above twenty-four (24) month period. The twenty-four (24) month period is intended only as a limitation of time for making adjustments and does not limit the time for payment of such amounts. In the event that a review performed by or on behalf of MDOT indicates an adjustment to the costs reported under this Contract or questions the allowability of an item of expense, MDOT will promptly submit to the Municipality a Notice of Review Results and a copy of the Review Report, which may supplement or modify any tentative findings communicated to the Municipality at the completion of a review.

Within sixty (60) days after the date of the Notice of Review Results, the Municipality will:

1. Respond in writing to the responsible Bureau of MDOT indicating whether or not it concurs with the Review Report;
2. Clearly explain the nature and basis for any disagreement as to a disallowed item of expense; and
3. Include a written explanation as to any questioned item of expense. Hereinafter, the "RESPONSE" will be clearly stated and provide any supporting documentation necessary to resolve any disagreement or questioned item of expense. Where the documentation is voluminous, the Municipality may supply appropriate excerpts and make alternate arrangements to conveniently and reasonably make that documentation available for review by MDOT. The RESPONSE will refer to and apply the language of the Contract.
4. The Municipality agrees that failure to submit a RESPONSE within the sixty (60) day period constitutes agreement with any disallowance of an item of expense and authorizes MDOT to make a final decision to either allow or disallow any items of questioned cost.

MDOT will review submitted RESPONSE and attached documentation from the Municipality. MDOT will reply in writing acknowledging receipt of the Municipality RESPONSE. The submitted RESPONSE and attached documentation from the Municipality will be referred to the MDOT Appeal Panel. See Section 26, "Dispute Resolution Process".

## SECTION 26: DISPUTE RESOLUTION PROCESS

### A. Contract Disputes

For review disputes refer to Section 26 (B) below, all other disputes between the parties shall be resolved under the terms of this section. It is the intent that each party may communicate concerns relative to the contract and resolve any issues as they arise. After a contract issue has been resolved, a summary of the agreed upon resolution shall be jointly drafted and distributed. Some issues may require ongoing communication to resolve and may become an item for negotiation during the next review and renegotiation of the contract.

If the parties are unable to resolve any dispute, the parties must meet with the Engineer of Operations, Operations Field Services Division or designee. The following are steps to resolve the dispute without the need for formal legal proceedings:

- 1) The representative of the Municipality and MDOT must meet as often as the parties reasonably deem necessary to gather and furnish to each other all information with respect to the matter at issue which the parties believe to be appropriate and germane in connection with the dispute. The representatives shall discuss the problem and negotiate in good faith in an effort to resolve the dispute without the necessity of any legal proceeding.
- 2) During the course of negotiations, all reasonable requests made by one party to another for non-privileged information reasonably related to the Contract shall be honored in order that each of the parties may be fully advised of the other's position.
- 3) The specific format for the discussions shall be left to the discretion of the designated Municipality and MDOT representatives but may include the preparation of agreed upon statement of fact or written statements of position.
- 4) Statements made by the Municipality or MDOT during Dispute Resolution may not be introduced as evidence by either party in any judicial action related to or under this Contract.
- 5) In cases where disputes have not been resolved, any remaining issues will be referred to the MDOT Appeal Panel which consists of four Bureau Directors, three of which will constitute a quorum.
- 6) Every effort will be made to complete this process within 90 calendar days by both parties.

## B. Review Disputes

For Review Disputes the submitted RESPONSE and attached documentation from the Municipality will be referred to the MDOT Appeal Panel. The Appeal Panel consists of four Bureau Directors, three of which will constitute a quorum.

- 1) MDOT will provide the Municipality with an opportunity to appear before the Appeal Panel to explain and support their RESPONSE.
- 2) If, after an Appeal Panel written decision, the Municipality will either accept the decision or file a lawsuit in a court of proper jurisdiction to contest MDOT's decision. The filing of a lawsuit must be initiated by the Municipality within thirty (30) days of the receipt of the Appeal Panel's written decision. MDOT will not withhold or offset the funds in dispute if the Municipality files a lawsuit in a court of proper jurisdiction.
- 3) If the Municipality fails to repay an overpayment or reach an agreement with MDOT on a repayment schedule within the thirty (30) day period, the Municipality agrees that MDOT will deduct all or a portion of an overpayment from any funds due the Municipality by MDOT under the terms of this Contract.
- 4) Every effort will be made to complete this process within 60 calendar days by both parties.

This section shall not be construed to prevent either party from initiating, and a party is authorized to initiate, an action for breach of this Contract or for any other relief allowed by law earlier to avoid the expiration of any applicable limitations period, to preserve a superior position with respect to the other party, or under Injunctive Relief below. In the event that a dispute is not resolved through the Dispute Resolution Process, either party may initiate an action for breach of this Contract, or any other relief allowed by law in a court of proper jurisdiction. Time periods may be extended if mutually agreed upon by both parties.

## **Injunctive Relief**

The only circumstance in which disputes between MDOT and the Municipality shall not be subject to the provisions of this Dispute Resolution Process is when a party makes a good faith determination that it will suffer irreparable harm due to a breach of the terms of the Contract by the other party and that a temporary restraining order or other immediate injunctive relief is the only adequate remedy.

Each party agrees to continue performing its obligations under the Contract while a dispute is being resolved except to the extent the issue in dispute precludes performance (dispute over payment must not be deemed to preclude performance) and without limiting either party's right to terminate the Contract as provided in Section 28.

## **SECTION 27: TERM OF CONTRACT**

This Contract will be in effect from October 1, 2019 through September 30, 2024.

## **SECTION 28: BUDGET REDUCTION, TERMINATION OR NON-RENEWAL OF CONTRACT**

- A. For convenience and without cause, MDOT may reduce the budget, terminate, or choose not to renew this Contract, if written notice is given to the Municipality at least one (1) year prior to the beginning of the Contract year to which the budget reduction, termination, or expiration applies. One year from the date of such notice shall be deemed the termination date of the Contract.

The Municipality may reduce the budget, terminate, or choose not to renew this Contract if one (1) year's written notice, prior to the effective date of budget reduction, termination, or expiration is given to MDOT. One year from the date of such notice shall be deemed the termination date of the Contract.

- B. Upon termination of this Contract "for cause" or any reason, the Municipality must, for a period of time specified by MDOT (not to exceed 90 calendar days), provide all reasonable transition assistance requested by MDOT, to allow for the expired or terminated portion of the Contract Activities to continue without interruption or adverse effect, and to facilitate the orderly transfer of such Contract Activities to MDOT or its designees. This Contract will automatically be extended through the end of the transition period.

## **SECTION 29: STATE OF MICHIGAN ADMINISTRATIVE BOARD RESOLUTION**

The provisions of the State Administrative Board Resolution 2017-2, April 25, 2017, as set forth in Appendix D, attached hereto and made a part hereof.

## **SECTION 30: CONTRACTUAL INTERPRETATION**

All capitalized words and phrases used in this agreement have the meaning set forth in Appendix A.

All words and phrases not specifically defined in Appendix A shall be construed and understood according to the ordinary meaning of the words used, but technical words and phrases shall have the meanings set forth in MDOT's publications, manuals, advisories, or guides, as applicable. If no MDOT publication, manual, advisory or guide is applicable, such technical words shall be construed and understood according to the usual and accepted meaning used in the industry or field to which they relate. In case of any discrepancies between the body of this Contract and any appendices attached hereto, the body of this Contract will govern.

## SECTION 31: AUTHORIZED SIGNATURE(S)

This Contract will become binding on the parties and of full force and effect upon signing by the duly authorized official(s) of the Municipality and of MDOT and upon adoption of a resolution approving said Contract and authorizing the signature(s) thereto of the respective official(s) of the Municipality, a certified copy of which resolution will be sent to MDOT with this Contract, as applicable.

BY: \_\_\_\_\_  
TITLE:

BY: \_\_\_\_\_  
TITLE:



MICHIGAN DEPARTMENT OF TRANSPORTATION

BY: \_\_\_\_\_  
TITLE: MDOT Director

**APPENDIX A**  
**MICHIGAN DEPARTMENT OF TRANSPORTATION**  
**MUNICIPALITY CONTRACT**  
**DEFINITIONS**

**ANNUAL WORK PLAN:** A schedule developed by the Municipality, and a Region Engineer designee, of the routine maintenance work to be performed annually on state trunklines by the Municipality.

**BUDGET/FIELD ACTIVITY BUDGET:** Both items are defined as the budgeted amount distributed to the Municipality at the beginning of the fiscal year (October 1).

**CHEMICAL STORAGE FACILITIES:** Bulk salt storage buildings.

**COMPONENTS OF AN ANNUAL WORK PLAN:** An outline of agreed upon maintenance activities to be performed to meet the needs of the trunkline. The components of this plan shall be a list of prioritized maintenance needs and a general break-down of how the Municipality's budget will be applied to the standard maintenance activity groups to facilitate work on the maintenance needs.

**DEPARTMENT:** Means the Michigan Department of Transportation.

**MDOT APPEAL PANEL:** A panel comprised of four Bureau Directors responsible for deciding Contract disputes, three of which will constitute a quorum.

**EQUIPMENT SPECIFICATIONS AND RENTALS:** An annual list of equipment proposed to be used on the state trunkline system by the Municipality forwarded to the Department with the hourly rates of each piece of equipment.

**MICHIGAN STATE TRANSPORTATION COMMISSION:** The policy-making body for all state transportation programs. The Commission establishes policy for the Michigan Department of Transportation in relation to transportation programs and facilities and other such works as related to transportation development as provided by law. Responsibilities of the Commission include the development and implementation of comprehensive transportation plans for the entire state, including aeronautics, bus and rail transit, providing professional and technical assistance, and overseeing the administration of state and federal funds allocated for these programs.

**OFFICE OF COMMISSION AUDIT (OCA):** The Office of Commission Audit reports directly to the Michigan State Transportation Commission. The Office of Commission Audits is

charged with the overall responsibility to supervise and conduct review activities for the Department of Transportation. The auditor submits to the Commission reports of financial and operational audits and investigations performed by staff for acceptance.

**REGION ENGINEER:** The Department's designated chief engineer (or designee) responsible for the oversight of each MDOT region.

**RESPONSE:** A written explanation as to any questioned item of expense

**SCHEDULE C EQUIPMENT RENTAL RATES:** The Department's annual list of statewide hourly equipment rental rates that shall be charged for the use of road equipment.

**SMALL HAND TOOLS:** Hand tools which do not have power assist (non-powered) used for general road and bridge maintenance such as rakes, shovels, brooms, etc.

**STATE ADMINISTRATIVE BOARD:** The State Administrative Board consists of the Governor, Lieutenant Governor, Secretary of State, Attorney General, State Treasurer, and the Superintendent of Public Instruction. The State Administrative Board has general supervisory control over the administrative activities of all state departments and agencies, including but not limited to, the approval of contracts and leases, oversight of the state capitol outlay process, and the settlement of small claims against the state.

**STATE TRUNKLINE HIGHWAY:** A road, highway, or freeway under the jurisdiction of the Department, and usually designated with an M, US, or I, preceding the route number.

**WINTER MAINTENANCE:** Maintenance operations centered on the process to remove snow and ice from the trunkline to provide a reasonably clear and safe driving surface under winter conditions. The activity codes that define the budget line items for winter maintenance are:

1410: Winter maintenance

1440: Winter road patrol (*See winter maintenance patrol above*)

1490: Other winter maintenance (*Shall include maintenance items resulting from winter maintenance, but not actual winter maintenance, i.e. sweeping and flushing immediately after winter ends*)

This work includes all material costs required to conduct work under the above activity codes.



**APPENDIX B**  
**MICHIGAN DEPARTMENT OF TRANSPORTATION**  
**MUNICIPALITY CONTRACT**  
**OVERHEAD SCHEDULE**

**Effective October 1, 2019, through September 30, 2024**

Original Annual Budget Amount	Percent Allowed for Overhead	Percent Allowed for Small Tools	Total Percent Allowed
Up to \$25,000_____	11.00_____	.50_____	11.50
\$25,001 to \$50,000 _____	10.25_____	.50_____	10.75
\$50,001 to \$75,000 _____	9.50_____	.50_____	10.00
\$75,001 to \$100,000 _____	8.75_____	.50_____	9.25
\$100,001 and over _____	8.00_____	.50_____	8.50

## **APPENDIX C**

### **PROHIBITION OF DISCRIMINATION IN STATE CONTRACTS**

In connection with the performance of work under this contract; the contractor agrees as follows:

1. In accordance with Public Act 453 of 1976 (Elliott-Larsen Civil Rights Act), the contractor shall not discriminate against an employee or applicant for employment with respect to hire, tenure, treatment, terms, conditions, or privileges of employment or a matter directly or indirectly related to employment because of race, color, religion, national origin, age, sex, height, weight, or marital status. A breach of this covenant will be regarded as a material breach of this contract. Further, in accordance with Public Act 220 of 1976 (Persons with Disabilities Civil Rights Act), as amended by Public Act 478 of 1980, the contractor shall not discriminate against any employee or applicant for employment with respect to hire, tenure, terms, conditions, or privileges of employment or a matter directly or indirectly related to employment because of a disability that is unrelated to the individual's ability to perform the duties of a particular job or position. A breach of the above covenants will be regarded as a material breach of this contract.
2. The contractor hereby agrees that any and all subcontracts to this contract, whereby a portion of the work set forth in this contract is to be performed, shall contain a covenant the same as hereinabove set forth in Section 1 of this Appendix.
3. The contractor will take affirmative action to ensure that applicants for employment and employees are treated without regard to their race, color, religion, national origin, age, sex, height, weight, marital status, or any disability that is unrelated to the individual's ability to perform the duties of a particular job or position. Such action shall include, but not be limited to, the following: employment; treatment; upgrading; demotion or transfer; recruitment; advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship.
4. The contractor shall, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, national origin, age, sex, height, weight, marital status, or disability that is unrelated to the individual's ability to perform the duties of a particular job or position.
5. The contractor or its collective bargaining representative shall send to each labor union or representative of workers with which the contractor has a collective bargaining agreement or other contract or understanding a notice advising such labor union or workers' representative of the contractor's commitments under this Appendix.
6. The contractor shall comply with all relevant published rules, regulations, directives, and orders of the Michigan Civil Rights Commission that may be in effect prior to the taking of bids for any individual state project.

7. The contractor shall furnish and file compliance reports within such time and upon such forms as provided by the Michigan Civil Rights Commission; said forms may also elicit information as to the practices, policies, program, and employment statistics of each subcontractor, as well as the contractor itself, and said contractor shall permit access to the contractor's books, records, and accounts by the Michigan Civil Rights Commission and/or its agent for the purposes of investigation to ascertain compliance under this contract and relevant rules, regulations, and orders of the Michigan Civil Rights Commission.
8. In the event that the Michigan Civil Rights Commission finds, after a hearing held pursuant to its rules, that a contractor has not complied with the contractual obligations under this contract, the Michigan Civil Rights Commission may, as a part of its order based upon such findings, certify said findings to the State Administrative Board of the State of Michigan, which State Administrative Board may order the cancellation of the contract found to have been violated and/or declare the contractor ineligible for future contracts with the state and its political and civil subdivisions, departments, and officers, including the governing boards of institutions of higher education, until the contractor complies with said order of the Michigan Civil Rights Commission. Notice of said declaration of future ineligibility may be given to any or all of the persons with whom the contractor is declared ineligible to contract as a contracting party in future contracts. In any case before the Michigan Civil Rights Commission in which cancellation of an existing contract is a possibility, the contracting agency shall be notified of such possible remedy and shall be given the option by the Michigan Civil Rights Commission to participate in such proceedings.
9. The contractor shall include or incorporate by reference, the provisions of the foregoing paragraphs (1) through (8) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Michigan Civil Rights Commission; all subcontracts and purchase orders will also state that said provisions will be binding upon each subcontractor or supplier.

Revised June 2011

## **APPENDIX D**

### **STATE ADMINISTRATIVE BOARD RESOLUTION 2017-2 PROCEDURES APPLICABLE TO MDOT CONTRACTS AND GRANTS AND RECISSION OF RESOLUTION 2011-2**

WHEREAS, the State Administrative Board ("Board") exercises general supervisory control over the functions and activities of all administrative departments, boards, commissioners, and officers of this State, and of all State institutions pursuant to Section 3 of 1921 PA 2, MCL 17.3;

WHEREAS, the Board may adopt rules governing its procedures and providing for the general conduct of its business and affairs pursuant to Section 2, of 1921 PA 2, MCL 17.2;

WHEREAS, exercising its power to adopt rules, the Board adopted Resolution 2011-2 on August 30, 2011, establishing a \$500,000 or more threshold for Board approval of the Michigan Department of Transportation ("MDOT") Professional Engineering Consultant Contracts and Construction Contracts and increasing the threshold for Board approval for Service Contracts to \$250,000 or more for initial contracts and \$125,000 or more for an amendment to a Service Contract;

WHEREAS, the Board has adopted Resolution 2017-1, raising the threshold for Board approval of contracts for materials and services to \$500,000 or more for the initial contract and \$500,000 or more for contract amendments, and rescinding Resolution 2011-1;

WHEREAS, MDOT is a party to a considerable number of contracts, the majority of which are funded via grants administered by federal agencies including the U.S. Department of Transportation's Federal Highway Administration, Federal Transit Administration, Federal Railroad Administration, and Federal Aviation Administration, which oversee MDOT's administration of such contracts and amendments thereto;

WHEREAS, MDOT has implemented internal procedures to assure the proper expenditure of state and federal funds and is subject to financial and performance audits by the Office of Commission Audits pursuant to 1982 PA 438, MCL 247.667a;

WHEREAS, MDOT is a party to a significant number of contracts which by their nature involve substantial consideration and often require amendments

arising out of changes in scope, differing field conditions and design errors and omissions;

WHEREAS, delays in the approval of amendments to contracts can result in postponement of payments to subcontractors and suppliers; work slowdowns and stoppages; delays in the completion of projects; exposure to additional costs; and exposure to litigation arising out of contractor claims; and

WHEREAS, recognizing the Board's duty to promote the efficiency of State Government, the Board resolves as follows:

1. Resolution 2011-2 is rescinded.
2. A contract for professional design, engineering or consulting services requiring MDOT prequalification in connection with the construction or physical improvement of a street, road, highway, bridge, transit or rail system, airport or other structure congruous with transportation ("Professional Engineering Consultant Contract") or a contract for the construction or physical improvement of a street, road, highway, bridge, transit or rail system, airport or other structure congruous with transportation ("Construction Contract") must be approved by the Board prior to execution by MDOT if the amount of the contract is \$500,000 or more. MDOT may obtain approval of the solicitation of a Professional Engineering Consultant Contract or a Construction Contract which, based on the estimate prepared by an engineer employed by the State of Michigan, is estimated to be \$500,000 or more. A contract arising out of such solicitation must be approved by the Board prior to execution by MDOT if the amount of the contract exceeds 110% of the State engineer's estimate.
3. An amendment to a Professional Engineering Consultant Contract or a Construction Contract must be approved by the Board prior to execution by MDOT if the amount of the amendment and the sum of all previous amendments exceed 10% of the original contract, except that an amendment to a Professional Engineering Consultant Contract or a Construction Contract need not be approved by the Board if: a) approved in accordance with applicable federal law or procedure by a representative of a federal agency contributing funds to the project that is the subject of the contract; or b) approved in accordance with MDOT's internal procedures provided the procedures include approval by at least one MDOT employee who has managerial responsibility and is neither the project manager nor directly involved in the administration of the project.
4. A contract for services not requiring MDOT prequalification ("Service Contract") in the amount of \$500,000 or more must be approved by the Board prior to execution by MDOT. A Service Contract does not include a Professional Engineering Consultant Contract or a Construction Contract.

5. An amendment to a Service Contract must be approved by the Board prior to execution by MDOT if the amount of the amendment and the sum of all previous amendments total \$500,000 or more. Thereafter, an amendment to a Service Contract must be approved by the Board if the amount of the amendment and the sum of all amendments executed after the most recent Board approval total \$500,000 or more.

6. A contract involving the conveyance of any real property interest under the jurisdiction of MDOT must be approved by the Board prior to execution by MDOT if the fair market value of the interest is \$500,000 or more. Fair market value must be determined in accordance with procedures approved by the State Transportation Commission.

7. MDOT may enter into a contract with a sub-recipient without approval of the Board if: a) the purpose of the contract is to provide federal or state matching funds for a project; b) MDOT has been authorized by an agency administering any federal funds to award them to the sub-recipient; and c) the sub-recipient has agreed to fully reimburse the State in the event the sub-recipient does not use the funds in accordance with the purpose of the funding. A sub-recipient includes, but is not limited to, a local unit of government, a governmental authority, a private non-profit entity, and a railroad or rail service provider.

8. MDOT may enter into a cost participation contract with a local unit of government without approval of the Board if: a) the contract involves the construction or physical improvement of a street, road, highway, bridge or other structure congruous with transportation; b) the construction or improvement is funded by federal, state or local funds; and c) the contract is approved by each entity providing funds or in accordance with applicable law.

9. MDOT may enter into a contract in connection with the award of a grant including state matching funds, to a local unit of government, a governmental authority, a private non-profit entity, a railroad or a rail service provider, without approval of the Board if the contract provides that the recipient will fully reimburse the State in the event grant funds are not used in accordance with the terms of the grant.

10. MDOT may enter into a contract with an airport sponsor without approval of the Board if the contract has been approved by the Michigan Aeronautics Commission.

11. MDOT may enter into a contract or award a grant without approval of the Board in situations where emergency action is required. For all emergency contracts or grants of \$250,000 or more, MDOT must transmit to the Board a

written report setting forth the nature of the emergency and the key terms of the contract or grant within 30 days of executing the contract or awarding the grant.

12. Notwithstanding any provisions of this resolution, the Board may require MDOT to report the status of any project and may require MDOT to obtain Board approval of any contract, grant or any amendment to a contract.

This Resolution is effective April 25, 2017.



## APPENDIX E

### SUBCONTRACT REQUIREMENTS

#### SUMMARY OF STATE ADMINISTRATIVE BOARD REQUIREMENTS FOR AMENDMENTS (PREVIOUSLY REFERRED TO AS OVERRUNS, EXTRA'S AND ADJUSTMENTS)

Administrative Board Resolution (2017-2, April 25, 2017)

### Amendments

Subcontract Requirements:	Amendment Amount	State Administrative Board (SAB) Approval Requirements:
<ul style="list-style-type: none"><li>• Region Engineer approval required prior to start of work.</li><li>• Form 426 must be signed by the Region Engineer.</li></ul>	\$499,999 or less	<b>Not required</b>  <b>Note:</b> Emergency contracts \$250,000 or greater require SAB approval.
<ul style="list-style-type: none"><li>• Documentation of amendment is required by the Municipality.</li><li>• Send revised Form 426 to the Operations Field Services Division Contract Administrator for review and approval prior to the start of work.</li></ul>	\$500,000 or greater	<b>Required prior to the start of work</b>  <b>Note:</b> When the sum of the contract and all amendments total \$500,000 or greater, SAB approval is required.

**Definition of Term:** Amendment includes situations where the original contract quantity or contract cost is exceeded. It also includes situations where quantities or work are added to the original contract as extra's or adjustments.

April 25, 2017





GRETCHEN WHITMER  
GOVERNOR

STATE OF MICHIGAN  
**DEPARTMENT OF TRANSPORTATION**  
LANSING

PAUL C. AJEGBA  
DIRECTOR

**APPENDIX F**

**SAMPLE: Letter of Understanding**

Date

Contract Agency Name  
Address  
Contact Person, Title

**RE: Clarification of State Trunkline Maintenance Contract between Michigan  
Department of Transportation (MDOT) and the (insert name of contract agency)**

Dear \_\_\_\_\_:

This Letter of Understanding is in follow up to our recent meeting held on \_\_\_\_\_ and will serve as a reference to clarify the Scope of Work set forth in Section 2, of the State Trunkline Maintenance Contract.

The Scope of Work will be limited to (insert type of work activities and frequency of work to be performed) on the state trunkline (indicate routes) in the City of \_\_\_\_\_. The work activities are to be conducted by the City as a part of the Contract with MDOT.

The Scope of Work shall include traffic control to perform the work.

Request for reimbursement of the Scope of Work activities identified herein shall be in accordance with Section 16 of the Contract.

Subcontracting of any work activities shall be in accordance to Section 9 of the Contract.

Please sign each of the two original letters enclosed. Please keep one copy for your records and return the other copy to my attention.

Sincerely,

Name  
Maintenance Engineer  
MDOT \_\_\_\_TSC

**APPROVED BY:**

City of \_\_\_\_\_ agrees to the terms and conditions stated in this agreement.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2014

\_\_\_\_\_  
Name, Title

**APPROVED BY:**

\_\_\_\_\_  
Region Engineer  
Michigan Department of Transportation

Date \_\_\_\_\_

## APPENDIX G

### Non-Winter Maintenance Activity & Level of Service Priority

**For the purposes of defining priority levels, the following guidance is suggested:**

**"Critical"** work activities are those which address conditions in the infrastructure that pose an imminent threat to public health and safety. This would include instances in which defects or damage currently exist and must be repaired to restore the infrastructure to a safe operating condition. Examples may include filling existing potholes, repairing significantly damaged guardrail, grading shoulders with an edge drop in excess of 1 ½ *inches* or replacing a collapsed culvert.

**"High Priority"** work activities are those which address serious deficiencies in the condition of the infrastructure which, in the professional judgment of the Region and TSC management, could lead to defects or damage in the near future that would seriously impact public health and safety if they are not addressed now. Examples may include repairing significantly deteriorated pavement joints and cracks or repairing culverts with section loss.

**"Routine/Preventive"** work activities are those which address the condition of the infrastructure in such a way as to maintain or prevent the condition from deteriorating to serious condition. Examples may include sealing pavement cracks, grading shoulders, cleaning culverts and ditches, and brushing.

#### **Priority Group 1:**

Traffic Signal Energy  
Facility Utilities  
Freeway Lighting Energy  
Operation of Pump Houses  
Operation of Movable Bridges  
Auto Liability Insurance (county contracts)  
Supervision (county contracts)  
Roadway Inspection (minimum acceptable level- county contracts)  
Billable Construction Permits  
Equipment Repair and Servicing  
Fuel  
Critical Surface Maintenance  
Critical Guardrail Repair  
Critical Sign Replacement  
Critical Drainage Repair  
Critical Traffic Signal Repair  
Critical Freeway Lighting Repair  
Critical Response to Traffic Incidents (to assist in traffic control, facility restoration)  
Critical Drainage Area Sweeping (to prevent roadway flooding)

Critical Structural Maintenance on Bridges  
Critical Pump House Maintenance  
Critical Shoulder Maintenance (to address shoulder drops greater than 1 ½")  
Critical Impact Attenuator Repair  
Clear Vision Area Mowing  
Removal of Large Debris and Dead Animals (from the traveled portion of the roadway)  
Rest Area and Roadside Park Maintenance

**Priority Group 2:**


High Priority Surface Maintenance  
High Priority Guardrail Repair  
High Priority Sign Replacement  
High Priority Drainage Repair  
High Priority ROW Fence Repair  
High Priority Shoulder Maintenance  
High Priority Structural Maintenance  
Adopt-A-Highway  
Youth Corps in designated urban areas  
Mowing (First Cycle)  
Freeway Slope Mowing in designated urban areas  
Litter Pickup in designated urban areas  
Graffiti Removal in designated urban areas  
Freeway Lighting Maintenance & Repair

**Priority Group 3:**

Mowing (Additional Cycles)  
Brushing  
Sweeping, beyond critical drainage areas  
Litter Pickup, outside designated urban areas  
Graffiti Removal, outside designated urban areas  
Routine/Preventive Surface Maintenance  
Routine/Preventive Guardrail Repair  
Routine/Preventive Sign Replacement  
Routine/Preventive Drainage Repair  
Routine/Preventive Shoulder Maintenance  
Routine/Preventive Structural Maintenance  
Routine/Preventive Pump House Maintenance  
Routine/Preventive Traffic Signal Maintenance  
Youth Corps outside of designate urban areas  
Non-motorized path maintenance



# Memorandum

Date: August 21, 2019  
To: Anna Soik, City Clerk/Treasurer/Finance Director  
Copy: Greg Sundin, City Manager  
From: Rich Sullenger, City Engineer   
Subject: Water Treatment Plant SCADA Upgrades

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On August 13, 2019, the City received and opened proposals for the Water Treatment Plant Supervisory Control and Data Acquisition (SCADA) upgrades. The work encompasses the following purchases and installation:

- Three computers with software
- Remote telemetry to the 9<sup>th</sup> Street Tower, North Industrial Tower and North Industrial Pump Station
- New alarm and notification system
- Integration of Township Tower data
- Filtration control valving and electronic valve actuators
- New turbidimeters (11) and turbidity transmitters
- Chlorine analyzers (4)
- Sludge removal system integration
- All programming to integrate the data and generate appropriate reporting

Three bids were received as follows:

Tempest Enterprises, Gaylord, MI	\$222,530.05
Coritech Services, Royal Oak, MI	\$349,712.00
EIM, Watersmeet, MI	\$526,979.00

Upon review of the bids and the recommendation of Water Treatment Plant personnel, it is my recommendation, as City Engineer, that City Council award the Water Treatment Plant SCADA Upgrades to Tempest Enterprises in the amount of \$222,530.05. Tempest Enterprises has been performing work at the Water Treatment Plant on various projects over the past three years with Water Treatment staff completely satisfied by the work performed and the professional way it was completed.

The City has \$165,000 in the current budget for the SCADA upgrades and \$100,000 in the current budget for replacement of the filtration controls which has been incorporated into this project and bid. Thus, sufficient funding, \$265,000 is available to complete this project.



## City of Alpena

Bid Name: 2019 Water Treatment Plant SCADA Upgrades

Bid Open Date: 08/13/2019 @ 2:00 p.m.

Bidder	Addendum	Bid Security	Base Bid	Remarks
Tempest Enterprises Gaylord, MI	#1 ✓		\$ 222,530.05	
Coritech Services Inc. Royal Oak, MI	#1 ✓		\$ 349,712.00	
EIM	#1 ✓		\$ 526,979.00	

Unofficial – “As-Read” Results – Subject to Verification

# TEMPEST

## ENTERPRISES, L.L.C.

### CONTROLS ENGINEERING

3213 Forest Rd  
Gaylord, MI 49735

Engineers: Brian Theriault / Dan Dowling  
(989) 390-5008 / (989) 370-1454  
Fax: (989) 732-5760

[BrianT@TempestEnterprises.com](mailto:BrianT@TempestEnterprises.com) / [DanD@TempestEnterprises.com](mailto:DanD@TempestEnterprises.com)  
[www.TempestEnterprises.com](http://www.TempestEnterprises.com)

#### Project: 2019 City Of Alpena Water Treatment Plant SCADA Upgrades

8/12/2019

Scope of Work: Tempest Enterprises, LLC proposes to complete the City of Alpena Water Treatment Plant SCADA Upgrades prior to May 31, 2020 with the following SCADA design / engineering, while purchasing / installing all required hardware, and completing all required programming based on project specification and Water Treatment Plant personal requirements. The system design is as follows:

#### SCADA System PC's

- (3) Dell PC Towers with Solid State Hard Drive For Operating System, 16 GB Ram, Intel I7 Processor, 7200 RPM HDD For Datalogging, (3) Monitors, Wireless Mouse and Keyboard. All PC's will have Rockwell Automation (Allen Bradley) Factory View SE installed and configured.
- The system will be designed to utilize (2) PC's at a time with identical Factory Talk View SE Programming on each creating a redundant SCADA / Datalogging Package.
- (1) PC shall be utilized as a "Plug and Play" backup for either SCADA PC.
- (2) Monitors shall be wall mounted. (1) Monitor shall be a spare ready to mount backup.
- All online SCADA PC's shall be powered from the new SCADA System Battery Backup UPS.

#### Remote Telemetry Communications

- (1) Cellular Modem shall be installed at each of the following locations: Alpena Water Treatment Plant, 9th Street Tower, North Industrial Pump Station, and North Industrial Tower. (4) Modems total.
- Modems shall include all cabling and directional antenna's.
- All Modems shall be designed with "point to point only" secure VPN Tunneling Communication.
- All modems shall be powered from existing or new Battery Backup UPS's.
- All (4) modems shall be required to be added to the City Of Alpena's existing Cellular Plan and will require static IP's.

#### **Scope of Work (Cont.):**

##### **Alarm System & Elevator Room Panel Replacement**

- Replace the current Alarm Callout Panel with a new wall or floor mounted panel, size to be determined.
- Install (1) new Sensaphone Callout device for a Global Alarm present notification phone call.
- Utilize the existing Ewon Remote Access device for specific Alarm Notification via Text Message.
- All analog inputs to the PLC shall have High High, High, Low, Low Low, and Signal Failed alarms.
- All Motors shall have amp, failed to start, and fault present alarms. (Where Applicable)
- All digital devices shall have failure alarms. (Where Applicable)
- All alarms shall have writable setpoints, writable time delays, and enable / disable / bypass functionality. (Where Applicable)
- All alarms shall be indicated in an Active Alarm Display, recorded in a Historic Alarm Display, and indicated by a new light / horn located in the Alpena Water Treatment Plant.
- All alarms shall notify the operator via Call and Text.
- All transmitters found to be faulty shall be replaced.

##### **Township Tower Control**

- All Township Tower / Pump signals shall be integrated into the new SCADA System.
- The valve controlling the Piper Road Tower shall have a new 12 VDC Power Supply. This valve shall be controlled via 0 - 100% open / closed from the new SCADA System.
- All pumps and valves shall have Hand / Off / Auto functionality. All auto functionality shall operate in the same manner as the current Tower Control.
- All Township radio communication devices shall be re-utilized.

##### **Filtration Control (7 Filters)**

- Control for all filters shall be integrated into the new / existing SCADA System.
- Filters 1 - 4 shall be re-plumbed to include new solenoid valves on the Surface Wash and Surface Wash Bypass Lines. All other valves shall be re-utilized and shall receive new electrically actuated solenoids.
- Filters 5 - 7 shall be re-plumbed to include new solenoid valves on the Surface Wash Bypass Line. All other valves shall be re-utilized and shall receive new electrically actuated solenoids.
- All solenoids shall be wired back to a new Distributed I/O Rack located in the Filter Room Area.
- All Filters Loss of Head and Flow transmitters shall be wired into the new Distributed I/O Rack located in the Filter Room Area.
- Both of the current HMI's located in the Filter Room Area are to be re-utilized for Filter Operation as required by the State.
- All filters shall have flow rate setpoints on the new SCADA and shall be easily changeable.
- All filters shall have manual / auto functionality of all valves.

##### **Online Water Quality Instruments - Turbidity**

- Install (11) new turbidity meters and (2) new turbidity transmitters. Re-plumb as necessary. (Turbidity Units to be purchased by others)
- Integrate all turbidity data into the new SCADA System, replacing old software.
- Install all new conduit and wiring to the turbidity units.
- Create all new reporting / datalogging based on specification / operations requirements.



**Labor Costs**

Controls / Electrical Engineering and System Design	\$ 14,700.00
AutoCAD Design and System Documentation	\$ 9,800.00
Panel Building, Testing, and Debugging	\$ 7,840.00
PLC / HMI / Networking / SCADA Programming and PC Setup	\$ 49,000.00
Mechanical Installation and Pipe Plumbing	\$ 15,680.00
Electrical Installation	\$ 18,600.00
Onsite Commissioning and Operations Training	\$ 19,600.00
1 Year SCADA System Support, Changes, and Troubleshooting (Up To 96 Hours)	\$ 11,520.00
<b>Labor Total</b>	<b>\$ 146,740.00</b>

**Hardware Costs**

Redundant SCADA PC's With Software, Displays, Backup UPS, and Spare PC	\$ 17,485.70
Cellular Telemetry Network Modems, Cables, and Antenna's	\$ 3,644.64
Alarm System Call Out Device and Elevator Room Panel Replacement	\$ 4,805.81
Township Tower Control	\$ 1,223.33
Filtration Control Valves, Solenoids, and Installation Hardware	\$ 13,570.37
Filter Room Panel Replacement	\$ 14,330.03
Online Water Quality Instruments - Turbidity and Chlorine Residual Panel, Modbus Network Interface, Filters, and Installation Hardware	\$ 6,929.98
Sludge Removal System PLC Hardware, Ethernet HMI's, and Installation Hardware	\$ 9,916.62
Spare Allen Bradley PLC and Power Supply	\$ 3,883.57
<b>Hardware Total</b>	<b>\$ 75,790.05</b>

<b>Project Total:</b>	<b>\$ 222,530.05</b>
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**Optional Labor Costs - Yearly Blanket Service**

Onsite and Remote SCADA System Support, Maintenance, Troubleshooting, and Programming Changes. Quoted At (8) Hours Per Month, (12) Months Per Year	\$ 11,520.00
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208 North First Avenue  
Alpena, Michigan 49707  
www.alpena.mi.us

**Engineering**

## 2019 City of Alpena Water Treatment Plant SCADA Upgrades

The Undersigned hereby acknowledges receipt of the following addenda:

<u>Addenda No.</u>	<u>Dated</u>
<u>01</u>	<u>07-23-2019</u>
<u>N/A</u>	<u>N/A</u>

Company Name Tempest Enterprises, LLC

By Dan Dowling

Title Controls Engineer / Member

Address 3213 Forest Road

City, State & Zip Gaylord, MI 49735

Telephone No. 989-370-1454

August 12, 2019

**City of Alpena**  
208 N. First Avenue  
Alpena, MI 49707

Quote No. 2019-0812-01CH

**Reference:** Alpena SCADA upgrades.

Thank you for the opportunity to provide a quotation for the **SCADA Upgrades at the Water Treatment Plant** in Alpena, MI. Our quote is based on the request for proposal and drawings posted to the city of Alpena's web site.

This quotation includes all hardware and engineering services to deliver SCADA related upgrades to the City of Alpena Water Treatment Plant. On-Site startup and commissioning along with all travel expenses is included.

Coritech Services, Inc. is a Michigan-based small business located in Royal Oak, Michigan. Founded in 1996, Coritech provides electrical engineering, system integration and custom design/build services for industrial electrical control systems.

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Item 1

**SCADA System**

Quantity 1

- ✧ (2) Complete SCADA Servers. (1) Primary & (1) Backup.
- ✧ (4) 50" LED Monitors for SCADA System (2) Primary & (2) Backup.
- ✧ SCADA Software and Licenses. (Factory Talk SE, Wonderware or Similar)
- ✧ (2) UPS Battery backup units
- ✧ Clean up/organize and label main control panel
- ✧ Elimination of all non-used wiring/components. (not to exceed \$5,000)

Item 1 Price: \$ 59,693.43

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Item 2

**Remote Telecommunication System**

Quantity 1

- ✧ (4) Prosoft Cellular Gateways (City to provide and activate Sim cards)
- ✧ Complete Commissioning and testing of Cellular Gateways.
- ✧ Integration of PAX mixers

Item 2 Price: \$ 32,391.28

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Item 3

**Alarm System**

Quantity 1

- ✧ Allen Bradley Compact Logic PLC Control
- ✧ Allen Bradley Win-911 Alarm Reporting or Similar
- ✧ Clean up, Organize and Label Existing Panel
- ✧ Replace Faulty or nonfunctioning Sensors/Transmitters/Etc. (not to exceed \$5,000)
- ✧ Complete installation, and commissioning of Alarm System.

Item 3 Price: \$ 37,208.77

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Item 4

**Tower Control**

Quantity 1

- ✧ Allen Bradley MicroLogix PLC Control
- ✧ Integration of M32 (2) Pumps
- ✧ Integration of Piper Road Tower (1) Valve
- ✧ Integration of Data from US-23 tower to SCADA
- ✧ Complete installation, and commissioning of Tower Control System.

Item 4 Price: \$ 21,759.55

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Item 5

**Filtration Control**

Quantity 1

- ✧ Replace (7) existing Influent, Effluent, Wash, Drain and Filter-to-Waster valves with Electric Solenoid valves.
- ✧ Replace (7) Surface Wash and Surface Wash Bypass valves with Electric Solenoid Valves.
- ✧ Integrate New Filtration Control into SCADA system.

Item 5 Price: \$ 50,022.00

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Item 6

**Turbidity Units**

Quantity 1

- ✧ Installation of (9) Hach TU5300 Filter units. (Units Provided by city)
- ✧ Installation of (2) New Hach TU5300 and SC00 Controllers. (Units Provided by city)
- ✧ Allen Bradley Compact Logic PLC Control.
- ✧ Integration of Turbidity Units into SCADA system.

Item 6 Price: \$ 36,523.43

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Item 7

**Chlorine Residual System**

Quantity 1

- ✧ Installation of (4) New Hach CL17 Chlorine Analyzer units. (Units Provided by city)
- ✧ Installation of (4) Sediment Filters.
- ✧ Replace (7) Surface Wash and Surface Wash Bypass valves with Electric Solenoid Valves.
- ✧ Integrate Chlorine Residual System into SCADA system.

Item 7 Price: \$ 23,329.00

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Item 8

**Sludge Removal System**

Quantity 1

- ✧ Installation of Foxboro 9500A Flow sensor and IMT30A Signal Converter.
- ✧ Integrate Flow Meter into SCADA system.
- ✧ Remove any unused equipment inside current PLC/SCADA

Item 8 Price: \$ 13,461.55

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Item 9

**Coritech Engineering Services**

Quantity 1

- ✧ Project Management
- ✧ SCADA Design, Development, Integration and Testing
- ✧ PLC Programming
- ✧ Autocad Drawings for new and updated systems.
- ✧ On-Site Controls Engineer Startup and Commissioning
- ✧ All travel time and cost included

Item 9 Price: \$ 75,323.33

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**Quotation Total Price: \$ 349,712.00**

Three Hundred Forty Nine Thousand Seven Hundred Twelve USD

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**Engineering**

## 2019 City of Alpena Water Treatment Plant SCADA Upgrades

The Undersigned hereby acknowledges receipt of the following addenda:

Addenda No.

1

Dated

7-23-19

Company Name Coritech Services  
By Chris Haupt  
Title Controls engineer  
Address 4716 Delemere Blvd  
City, State & Zip Royal Oak, MI 48073  
Telephone No. (248) 549-3300



### MATT TOLAN

**EIM** (41 years)  
Principal-in-Charge  
Alpena, MI



### Sub-Contractors

### ANTHONY PITTMAN

**AE2S** (28 years)  
Control Systems Manager  
Maple Grove, MN

### TODD BRITTON

**Meridian Contracting** (16 years)  
Mechanical System Manager  
Alpena, MI

## » ABOUT EIM

EIM, a division of AE2S Construction, specializes in general contracting program management services, electrical installations, instrumentation and controls installations, and related services for municipal, industrial, and commercial projects. Our experienced professionals provide decades of hands-on successes in taking projects from start to finish.

## AE2S PROVIDES UNMATCHED WATER- FOCUSED EXPERTISE

The parent company of AE2S Construction, **AE2S**, is an engineering firm with one focus – water. With over 25 years of engineering water treatment processes in the Midwest, AE2S understands how critical operations are to efficiently and effectively maintaining a water treatment plant (WTP). In fact, AE2S saw how important SCADA and controls were to a

WTP success that we started a dedicated SCADA group over 18 years ago, to help our clients program, service, and optimize their SCADA systems.

AE2S works closely with the EIM team on many municipal projects to combine our expertise and ensure quality cost-effective solutions that are tailored to meet our clients needs.

## TOTAL PROJECT COST (Base Bid): \$526,979

### Task I PC-Based SCADA Package

BASE BID: \$122,039  
ALTERNATE: \$23,532

### Task II Remote Telecommunications

BASE BID: \$29,742

### Task III Alarm System

BASE BID: \$64,898

### Task IV Township Tower Control

BASE BID: \$17,033

### Task V Online Water Quality Instruments

BASE BID: \$86,255

### Task VI Filtration Control

BASE BID: \$175,140

### Task IV Sludge Removal System

BASE BID: \$31,872  
ALTERNATE: \$74,435

See attached document for scope details.



## » SCADA SYSTEM SERVICES

- Design of new SCADA systems
- Upgrades, service, and on-going support to existing systems
- Electrical wiring and troubleshooting
- SCADA system needs assessments
- Assessment/recommendation for existing systems
- Design and implementation of specific hardware and software combinations
- Customized generator programming
- Design and implementation of the latest, most sustainable technologies
- Custom application development and installation



## TENTATIVE PROJECT SCHEDULE (BASE BID)

TASK	DATE
<b>DESIGN/PLANNING PHASE</b>	
Project Awarded	Late Aug (2019)
Onsite Kickoff/Detailed Review of Design	Sep (2019)
Submittals/Procurement/Manufacturing	Oct - Dec (2019)
<b>CONSTRUCTION PHASE</b>	
PC-Based SCADA Installation	Dec (2019) - Jan (2020)
Remote Telecommunications System	Jan (2020)
Alarm System	Feb (2020)
Township Tower Control	Feb (2020)
Online Water Quality Instruments	Mar (2020)
Filtration Control	Mar (2020)
Sludge Removal System	Apr (2020)
Substantial Completion	April 30 (2020)
SCADA System Training	May (2020)
Final Completion	May 31 (2020)

## RECENT RELATED EXPERIENCE

### City of Shorewood, MN (AE2S & EIM – 2019)

Wellhouse Upgrades  
Well water, filtration, chemical treatment

### City of Chanhassen, MN (AE2S – 2018)

New West WTP & East WTP Upgrades  
Surface water, filtration, chemical treatment

### City of Shoreview, MN (AE2S & EIM – 2016)

New Water Treatment Plant  
Well water, filtration, chemical treatment



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[www.alpena.mi.us](http://www.alpena.mi.us)

**Engineering**

## 2019 City of Alpena Water Treatment Plant SCADA Upgrades

The Undersigned hereby acknowledges receipt of the following addenda:

<u>Addenda No.</u>	<u>Dated</u>
<u>1</u>	<u>7/23/19</u>
<u>                    </u>	<u>                    </u>

Company Name EIM Company

By Matt Tolan

Title Principle in Charge

Address P.O. Box 514

City, State & Zip Watersmeet, MI 49969

Telephone No. (989)464-5013



Bids Due: August 13, 2019  
Time: 2:00 p.m.

**BID LIST**  
**2019 City of Alpena Water Treatment Plant SCADA Upgrades**

Kendall Electric  
1240 US 23 North  
Alpena, MI 49707  
Ph: 989-356-3411  
Fax: 989-356-1138  
Greg Springs  
[salesalp@kendallelectric.com](mailto:salesalp@kendallelectric.com)

Control Solutions  
Jeff Kauffman  
Branch Manager-Northern MI  
O: 989-379-2404  
M: 989-255-3139  
[jkauffman@controlyourbuilding.com](mailto:jkauffman@controlyourbuilding.com)

Omega Electric  
1109 Crittenden Drive  
Alpena, MI 49707  
Ph: 989-358-8243  
[Omegaelectric1@gmail.com](mailto:Omegaelectric1@gmail.com)

Thunder Bay Electric  
1693 M-32 West  
Alpena, MI 49707  
Ph: 989-354-2840  
[vickie@thunderbayelectric.com](mailto:vickie@thunderbayelectric.com)

Tempest Enterprises  
3213 Forest Rd.  
Gaylord, MI 49735  
Ph: 989-390-5008  
[BrianT@TempestEnterprises.com](mailto:BrianT@TempestEnterprises.com)

AE2S/EIM  
Matt Tolan – Project Estimator  
Ph: 989-464-5013  
[Mtolan7698@gmail.com](mailto:Mtolan7698@gmail.com)  
Bruce Caudill – Senior Project Manager  
Ph: 906-287-1173  
[Bruce.Caudill@eimcompany.us](mailto:Bruce.Caudill@eimcompany.us)

FDS Engineering & Electrical Services  
617 N. Stephenson Ave.  
Iron Mountain, MI 49801  
[carl@fds-engineering.com](mailto:carl@fds-engineering.com)  
Ph: 906-239-9221



# Memorandum

Date: August 28, 2019

To: Mayor Matt Waligora and City Council

Copy: Greg Sundin, City Manager

From: Adam Poll, Planning and Development Director

Subject: PC 19-Z-02- 555 S Fifth Avenue is rezoned from R-2 to PUD- Bingham School

**RE: P.C. Case No. 19-Z-02.** Hope Network Affordable Independent Living & Services, 3075 Orchard Vista Dr SE, Grand Rapids MI 49546 are requesting the property located at 555 S Fifth Avenue be rezoned from R-2 Single Family Residence District to Planned Unit Development District for the purpose of converting the existing vacant school building to an independent senior living facility.

**Background:** Bingham School is a vacant elementary school located at 555 W Fifth Street in an R-2 zoning district located in a neighborhood consisting primarily of single-family homes. The applicant, Hope Network has submitted a site plan for a 40-unit independent senior living building which was later reduced to 35-units as the units show in the gymnasium were eliminated to obtain historic tax credits. This would include an addition of a wing on the rear of the building in order to increase the overall residence count. Bingham School has previously been used as a public school and a charter school, but the charter school left the building several years ago eventually selling the building to a private company.

**Zoning and Planning Issues:** The property in question is zoned R-2 Single Family Residence District which is typical for schools as they are a permitted use in the residential district with a special permit. The applicant is requesting a conversion to a multi-family building specifically for independent income restricted senior housing. As the site is among single family home a Planned Unit Development (PUD) appears to be the appropriate zoning district as any significant changes to the design or scope in the future would have to go through the public hearing process. This site meets or exceeds the minimum requirements to be zoned to a PUD.

The use for residential housing would appear to be the best use for the existing building. Staff would note that there is a trend from school systems to prefer new buildings as opposed to utilizing older buildings due to the lack of modern systems and amenities. Assuming this trend continues, the odds of this building being able to be utilized as a school would be low.

The site plan currently shows 40 off street parking spaces and appears to show the possibility of using the local streets for any overflow parking needs. Street spaces would not be reserved for the residents of this development but on street would be available on a first come first serve basis and open to all neighborhood residents which is currently the case.

The applicant has indicated that they would buffer the parking area and the new addition from the neighboring residence. Staff would prefer to add a condition requiring that a six-foot-tall privacy fence is required to be constructed along the property line shared with the residences to the northwest.

The existing building does appear historic in nature. Staff records show the building was constructed in 1936, and there are few large-scale masonry buildings left in Alpena, even fewer outside the downtown. The applicants have agreed to a condition that requires the addition to be clad in masonry and match the style of the existing historic building.

Staff has received a letter which was included in the packet noting several concerns regarding the proposed development. In addition to this staff was presented with a petition at the Planning Commission meeting signed by many residents against the proposed use. At the meeting, their main issues of concern appeared to be the presence of adequate off-street parking and a concern that on street parking would be reserved for the development. Concerns were also mentioned that although this is reserved for residents of age 55 and up, that it could change in the future. The applicant indicated that they would lose their financial status if residency was opened to anyone under 55 and that 40 off street parking areas would be more than adequate for the residents and many typical residents of this type of development do not own a car.

At their August 20, 2019 meeting Planning Commission recommended approval of the rezone request 8-0 with the following conditions:

1. The new addition is constructed to in a similar style of the existing building with a flat roof and a masonry exterior.
2. A six-foot-tall privacy fence is constructed between the proposed development and adjoining residential to the northwest.
3. The dumpster is screened with masonry on three sides.
4. A landscape plan is completed meeting zoning ordinance criteria prior to any construction.

Staff would request that the attached Ordinance No. 19-448 receive first reading this evening, September 3rd, with second reading and Council action on September 16, 2019.



**ORDINANCE NO. 19-448**

AN ORDINANCE OF THE CITY OF ALPENA, MICHIGAN, PROVIDING THAT THE CODE OF ORDINANCES OF THE CITY OF ALPENA BE AMENDED BY MODIFYING AND REVISING ORDINANCE NO. 392 OF SAID CODE.

BE IT ORDAINED BY THE MUNICIPAL COUNCIL OF THE CITY OF ALPENA, STATE OF MICHIGAN, AS FOLLOWS:

The Zoning Ordinance of the City of Alpena, being Ordinance No. 392 establishing zoning districts, schedule of regulations and zoning map is hereby amended and revised in the following manner: the zoning classification of the following described parcels are hereby changed from R-2 (One-Family Residential) to PUD (Planned Unit Development):

**Legal Description:** 555 S. FIFTH AVE. LOTS 1, 2, 3, 4, 5 & 7 & THE ALLEY ADJACENT LOTS 2, 3, 5 & 7 BLOCK 117 FLETCHERS 2ND ADDITION TO THE CITY

This parcel includes the property at 555 S Fifth. Avenue

**EFFECTIVE DATE**

THE PROVISIONS OF THIS ORDINANCE SHALL TAKE EFFECT TEN (10) DAYS AFTER BEING ADOPTED BY THE MUNICIPAL COUNCIL AND DULY PUBLISHED.

I HEREBY CERTIFY THAT THE ABOVE ORDINANCE WAS ADOPTED BY THE MUNICIPAL COUNCIL OF THE CITY OF ALPENA, MICHIGAN, AT A REGULAR MEETING HELD ON \_\_\_\_\_ DAY OF \_\_\_\_\_, 2019.

\_\_\_\_\_  
MATTHEW J. WALIGORA  
Mayor

\_\_\_\_\_  
ANNA SOIK  
City Clerk/Treasurer/Finance Director

First Presented: September 3, 2019  
Adopted:  
Published: \_\_\_\_\_

William A. Pfeifer, City Attorney

MINUTES  
City of Alpena Planning Commission  
Regular Meeting  
August 20, 2019  
Alpena, Michigan

CALL TO ORDER:

The regular meeting of the Planning Commission was called to order at 7:00 p.m. by Paul Sabourin, Planning Commission Chair.

ROLL CALL: PLANNING COMMISSION

PRESENT: Mitchell, Gilmore, VanWagoner, Boboltz, Sabourin, Austin, Kirschner

ABSENT: Lewis, Wojda (*Wojda arrived at 7:05*)

STAFF: Adam Poll (Director of Planning & Development), Cassie Stone (Recording Secretary).

PLEDGE OF ALLEGIANCE:

Pledge of Allegiance was recited.

APPROVAL OF AGENDA:

Agenda was approved as printed

APPROVAL OF MINUTES:

July 30, 2019, minutes approved as printed.

PUBLIC HEARING AND COMMISSION ACTION:

1. **P.C. Case No. 19-Z-02. Hope Network Affordable Independent Living & Services, 3075 Orchard Vista Dr. SE, Grand Rapids MI 49546 are requesting the property located at 555 S. Fifth Avenue is rezoned from R-2 Single Family Residence District to Planned Unit Development District for the purpose of converting the existing vacant school building to an independent senior living facility. Article 5.24.**

Poll presented the Staff Report and Recommendation to the Commission.

Sheila Campbell, 885 Corey Drive, Delton, MI, stated that they have just recently changed to incorporating historic tax credit into the deal which changes the planned (40) units to (35) units. The plans have changed to keep the gymnasium whole from the previously designed idea to break it into (5) units. Campbell added that she would like to address the Planning Commission's desire to have the exterior materials be brick. Additions are to be differentiated from old resulting in the possibility of it being made to

look a little different so it will not look like it is the original portion of the building. Campbell questioned if this could result in a different brick color or some kind of variation that could be included in the conditions. Poll stated that wording could be added in the conditions to allow for possible variances in coloration. Campbell also explained the housing quality that Hope Network does is really focusing on the future, maintenance, care and quality of life for their tenants. Looking at the environment is also key in designing including LED fixtures and low flow fixtures.

#### FAVOR:

Dr. David D. Dargis, owner of Dargis Properties and the owner of the property being discussed. Dargis explained that he was hoping someone like Hope Network would come in and see this property as having potential and be able to utilize it within our community. Dargis added that he invests all of his money locally and any money acquired from the sale will be turned around and invested back into the community. This sale will also create jobs and be able to house seniors. Dargis is really hoping to see this move forward.

#### OPPOSITION:

Todd Bowen, 514 S. Fifth Street which is right across the street from the school, has lived there since 1994. Bowen is very concerned about the parking that is being proposed. Previously when it was a charter school, he and his wife had a terrible time trying to get out of their driveway. Bowen added with this parking situation it will become a 24 hour 7 day a week issue instead of the prior school schedule where traffic would be cleared by 4:00, no weekends or no summer month issues. Adding all of the extra parking spots will also become chaos during the winter months when the roads will have to be plowed. Bowen also questioned why the addition was not being constructed on the playground rather than where people would park which would block the parking, will it raise our taxes and/or bring our property value down, when will the project begin, would construction happen on the weekends? Why haven't any other places been considered such as the old Alpena Power Company site which already has adequate parking, has walking distance for the elderly including the post office, grocery store and a library. Bowen added that it's not that people are against it rather they just don't want the chaos in the neighborhood, Fifth Street tore up and made into parking where neighbors will be bombarded with vehicles in front of houses, seven days a week. Bowen was told that the building is full of asbestos and questioned if the asbestos will be removed? Bowen also presented the Planning Commission with a copy of twenty five signatures of surrounding residents that have signed a petition to stop the project. The biggest complaint, Bowen stated, was not having Fifth Street and McKinley Avenue disrupted. Bowen closed with if this rezone does happen can it be rezoned to something else further down the line? Poll stated if anything more than a small change is requested the rezone request would have to come back to the Planning Commission for approval

and public notices would be sent out just like they were for this hearing. Austin stated that he also lives on Fifth and asked Bowen what his biggest issue was with this project in which Bowen replied parking.

#### OPPOSITION:

Peter McCormick, 108 McKinley, states his biggest concern is also the proposed parking especially during the winter. McCormick also added that he questions the rezoning of the property and if the project goes south then what could happen. Poll stated that if the rezoning is changed it would have to come back before the Planning Commission and also be approved by Council as well. McCormick said he was out of town this weekend and could not attend the meeting that was instigated by Hope Network and was very disappointed with the short notice of the meeting that was held at the school. Poll explained that the site plan shows 40 off street parking stalls. Right now they are proposing 35 units. There would not be reserved parking available on Fifth Street, Saginaw or McKinley for development. Being its independent living status, Poll doubts that there would be very many staff onsite consuming parking spots. Street parking is open to the public as many other streets in the City are as well and is available to the public right now so no additional changes would be made. Poll also added that any old building will have asbestos and any grant that he has come across that has a residential habitation you are required to survey and abate the asbestos. It is a requirement anytime you are using federal or state money.

Dargis added that he attended the meeting last weekend at the school and there was a lot of people there and a lot of these issues were questioned and addressed and the vast majority (approximately 30 in attendance) was in favor of the development. Dargis also added that he had the building professionally evaluated at a level one for asbestos. There is some asbestos contained underneath the school that is not accessible to anyone and it was in the report that he had provided and was not a threat to anyone in the present state.

*Closed public hearing at 7:23*

#### COMMISSIONER'S DISCUSSION AND ACTION:

Todd Bowen went back up to the podium and wanted clarification that no widening or reserving parking spots would be happening on Fifth Street or McKinley in which Poll stated previously Hope Network requested to do that but Poll stated that staff would not consider that because presently those parking spots are public and available first come, first serve.

Wojda stated that when he looks at the project he sees a substantial proposed economic investment in our community. A residential use within a residential area which will be used by people in this community for a residential purpose and feels it's far better than the current situation as a vacant building. Wojda ended with it's a major step in the right direction. VanWagoner requested some information on storm water. Poll stated that there were some issues proposed from residents by the basketball court where there have been some reported drainage issues running off the basketball court onto the adjoining property. Dargis stated that the building itself will prevent that snow from being plowed up against the fence and melting in there. VanWagoner also questioned the section in the staff report that stated drainage would have to be contained onsite. Poll stated Engineering will have to analyze the drainage plans but right now the design is not at that point. Eventually the plans will have to show that run off water is contained or at least not being pushed onto someone else's property. Gilmore questioned what the actual age allowed in the facility will be. Virgie, from Hope Network, stated that the age category being used for this particular senior living is a minimum of 55 years of age or older. The facility will be 35 units and income restricted meaning it will be limited by the person living there would have to have a limited income. The purpose of this is to help out people that struggle to find independent living. Virgie added that affordable senior housing across the country is a national catastrophe right now. Sabourin questioned what the income sealing was. Virgie stated she believes that Hope Network is targeting 60 percent of AMI (Area Median Income) although her analyst would know the number, she is unsure. Austin questioned what type of facility this was going to be? After looking at Hope Networks Website it looks like it is focused on disabled people. Virgie stated that Hope Network is a 160 million dollar nonprofit organization. The segment of Hope Network that Virgie manages is the segment that this project is currently focused on. This particular property will be just for seniors. Gilmore questioned what is projected for staffing at the facility? Virgie explained that there will be three staff members which would include a property manager that would come to the facility most days. Virgie added that she has a professional management group called KMG Prestige that will travel around to the various places that they manage where they could already have somewhere close to here where they also manage so they could stop maybe three days a week. A service coordinator would be dedicated to this particular property along with a maintenance person. Between the three someone would be staged their everyday onsite. Austin questioned what was to become of the gymnasium. Virgie stated that previously Hope Network wanted to turn the gymnasium into three loft units and two apartments but have decided against it.

**Motion made by Wojda**, to approve the request, to rezone from R-2 to PUD for 35 units, with the recommended conditions, exception of the first condition. Move to amend to read as follows: the new addition is constructed to a style consistent with the



existing building with a flat roof and a masonry exterior. The other conditions will remain as recommended. **Seconded by Boboltz.**

Ayes: Gilmore, Boboltz, VanWagoner, Wojda, Mitchell, Austin, Kirschner, Sabourin

Nayes: None

Absent: Lewis

Motion approved by a vote of 8-0.

For clarification Sabourin stated this will now proceed to Council with Planning Commission's recommendation for the final say. It will be presented at the September 3, 2019, City Council meeting. There will also be two readings for the change as well. The second change reading will occur mid-September.

COMMUNICATIONS: No other communications were received other than on the case at hand.

#### REPORTS:

##### 1. Development Update

Poll stated several projects around the City are proceeding such as Besser Assisted Living Facility and Northland Credit Union headquarters is still underway and making progress. The road project around City Hall has been completed and Wilson Street is still being constructed to relieve some of the traffic congestion in that area from the school. Work is continuing with the MEDC on a number of grants but nothing has been officially approved yet. Poll will keep the Planning Commission updated.

CALL TO PUBLIC: None

MEMBER'S COMMENTS: Wojda stated although there was a quiet crowd at the meeting, he is grateful to see such a large amount of public involvement today.

ADJOURNMENT: There being no further business, the meeting was adjourned at 7:50 p.m. by Sabourin, Planning Commission Chair.

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Wayne Lewis, Secretary

# Memorandum



Date: August 16, 2019

To: Planning Commission

Copy: Greg Sundin, City Manager

From: Adam Poll, Planning and Development Director

Subject: PC 19-Z-02- Rezone 555 W Fifth (Former Bingham School) from R-2 to PUD to allow a 40 unit senior independent living facility.

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RE: **P.C. Case No. 19-Z-02.** Hope Network Affordable Independent Living & Services, 3075 Orchard Vista Dr SE, Grand Rapids MI 49546 are requesting the property located at 555 S Fifth Avenue is rezoned from R-2 Single Family Residence District to Planned Unit Development District for the purpose of converting the existing vacant school building to an independent senior living facility. Article 5.24

**Background:** Bingham School is a vacant elementary school located at 555 W Fifth Street in an R-2 zoning district located in a neighborhood consisting primarily of single-family homes. The applicant, Hope Network has submitted a site plan for a 40-unit independent senior living building. This would include an addition of a wing on the rear of the building in order to increase the over all residence count. Bingham School has previously been used as a public school and a charter school, but the charter school left the building a number of years ago eventually selling the building to a private company.

**Zoning and Planning Issues:** The property in question is zoned R-2 Single Family Residence District which is typical for schools as they are a permitted use in the residential district with a special permit. The applicant is requesting a conversion to a multi-family building specifically for independent income restricted senior housing. The applicants could have requested a rezone to RM-2 Multiple Family Residential District which allows 6 or more units per acre (The site in question contains 1.34 acres.) But as the site is among single family home a Planned Unite Development (PUD) was thought to be more appropriate as any significant changes to the design or scope in the future would have to go through the public hearing process. This site meets or exceeds the minimum requirements to be zoned to a PUD.

The use for residential housing would appear to be the best use for the existing building. Staff would note that there is a trend from school systems to prefer new buildings as opposed to utilizing older buildings due to the lack of modern systems and amenities. Assuming this trend continues, the odds of this building being able to be utilized as a school would be low.

The site plan currently shows 40 off street parking spaces and appears to show the possibility of using the local streets for any overflow parking needs. The Zoning Ordinance requires one parking space for every four units for elderly housing and one parking space per employee on the largest shift. The Ordinance does not define elderly. Multiple-family housing requires one- and one-half parking stalls for each

efficiency and two stalls for each unit with two bedrooms or more. The proposed development would consist of nine two-bedroom units and 31 one-bedroom units which would usually require 65 parking stalls. As this would be independent senior living, the amount of staff would appear to be minimum so anywhere between 15 (assuming five employees max on a shift) stalls and 65 parking stalls. As the request is a PUD, no variance would be needed for parking. Ultimately it would appear to staff that this use would fall somewhere between elderly housing (which would appear closer to an assisted living home) and multiple family housing. Forty stalls would appear to be adequate, but if green space is desired, the applicant could make a case that less parking would be required.

The applicant has indicated that they would buffer the parking area and the new addition from the neighboring residence. Staff would prefer to add a condition requiring that a six-foot-tall privacy fence is required to be constructed along the property line shared with the residences to the northwest.

The existing building does appear historic in nature. Staff records show the building was constructed in 1936, and there are few large-scale masonry buildings left in Alpena, even fewer outside the downtown. The applicants have indicated in their narrative that the addition to the building would be brick. The elevations submitted show the building in vinyl. The applicants have indicated the addition matches the surrounding residential style of housing in the rest of the single-family neighborhood. When asked why the narrative said the addition was brick and the elevations showed a vinyl sided residential style the applicant noted the brick along the base of the proposed addition. Staff would prefer to see any new construction match the historic nature of the building and be constructed to match the existing brick building and match the style of the existing building as well. The applicants have noted that cost is a factor in their proposed design.

The applicants have indicated that this will be an income restricted building limited to seniors. Although there can sometimes be concern voiced regarding income restricted developments, the role of the planning commission is the look at the development itself regarding density, style, drainage, and impact on the neighborhood. Where a development is market rate or income restricted should not have an impact on land use.

At this point staff has not received a landscape plan. Given the timeline from the applicant, staff would ask that one is prepared, prior to adoption from City Council.

Staff has received a letter which was included in the packet noting several concerns regarding the proposed development. Concerns ranged from the ownership of the property, to the lack of greenspace, and a concern the density would be out of sync with the neighborhood, and a concern this development would bring down property values. No other communications have been received at this time.

The Future Land Use Map in the Comprehensive Plan calls out this area as Intentional and surrounded by one and two family residential. As the building is a former school, it was expected to remain as such when the Comprehensive Plan was adopted.

#### **Site Plan Review:**

1. Setbacks- The new addition would be rather close to existing single family residential to the north. The applicants have proposed a six-foot privacy fence for screening. Other setbacks would not appear to change.
2. Parking- Parking would appear to be adequate as discussed earlier in the report.

3. Stormwater - Engineering requires that all storm water must be controlled, and any offsite impact must be minimized. There are adequate water in sewer connections. The site as it exists has some storm water issues that drain on to an adjacent residential property to the north, drainage would have to be contained on site.
4. Dumpster- A dumpster is shown, the zoning requires a dumpster to be screened by similar materials to the buildings which in this case would be masonry.

**Recommendation:** The development in question would appear to be the best type of use given the vacant school building which is unlikely to be utilized for school purposes in the future. The proposed addition would not appear to match the existing historic masonry building. There would appear to be adequate off-street parking for the proposed use.

Therefore, staff recommends **approval** of the rezone request from R-2 Single Family Residence District to Planned Unit Development (PUD) District for the purpose of developing a 40-unit independent senior living facility with the following conditions:

1. The new addition is constructed to match the style of the existing building with a flat roof and a masonry exterior.
2. A six-foot-tall privacy fence is constructed between the proposed development and adjoining residential to the northwest.
3. The dumpster is screened with masonry on three sides.
4. A landscape plan is completed meeting zoning ordinance criteria prior to any construction.





## PC Case No. 19-Z-02





## PC Case No. 19-Z-02





## PC Case No. 19-Z-02



Residential properties near the addition area



Residential properties across 5th Street







## PC Case No. 19-Z-02



Adjoining residential property to the northwest

**Project Narrative**  
**Hope Network Housing and Community Development**  
**Alpena Bingham School**

**Project Description**

Hope Network Housing and Community Development (HNHCD) is planning a 40-unit affordable housing development in downtown Alpena, Michigan. The project will consist of the renovation of the former Alpena Bingham School and include a two-story addition. A community room, property manager office, and elevator will be located in the school building. All units are proposed to be funded through 9% LIHTC from MSHDA and a permanent mortgage.

The Alpena Bingham School is located at 555 S. 5<sup>th</sup> Avenue and is approximately one-half mile from Alpena downtown business district. The project is bounded by S. 5<sup>th</sup> Avenue, McKinley Avenue and Saginaw Street. Upon successful LIHTC funding, construction of Phase I housing units would begin in fall 2020. The school building will undergo a significant interior rehab and restore the existing exterior brick facade. The exterior façade of the two-story addition will be brick.

**Tenants Served**

The project is proposed to serve seniors making between 30% (with Project Based Vouchers) and 80% of area median income (AMI) for Alpena County.

**Unit Mix**

The unit configuration proposed for the existing school building is as follows:

- 14 one-bedroom apartments
- 7 two-bedroom apartments
- 3 one-bedroom lofts.

The unit configuration proposed for the new addition to the building is as follows:

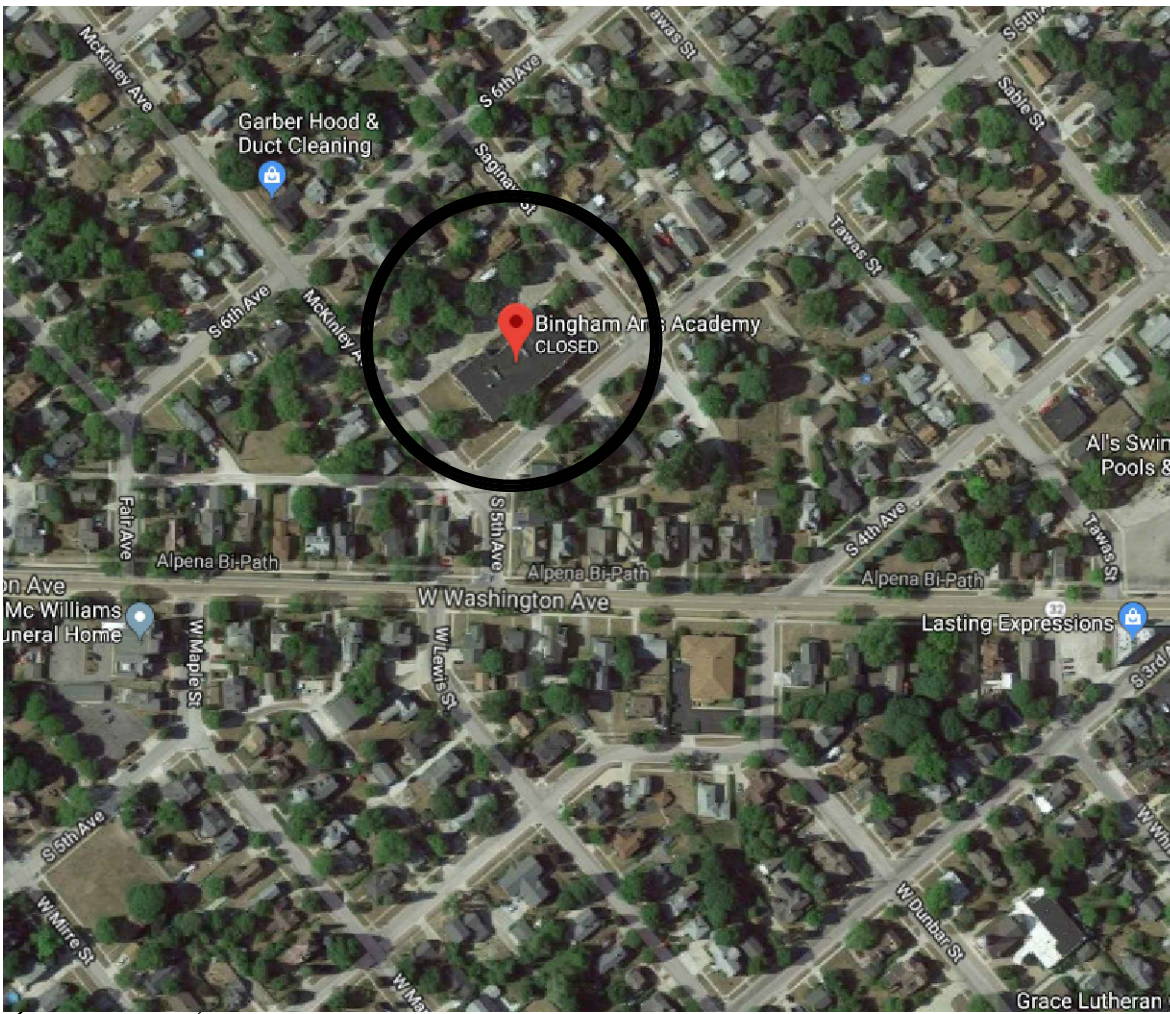
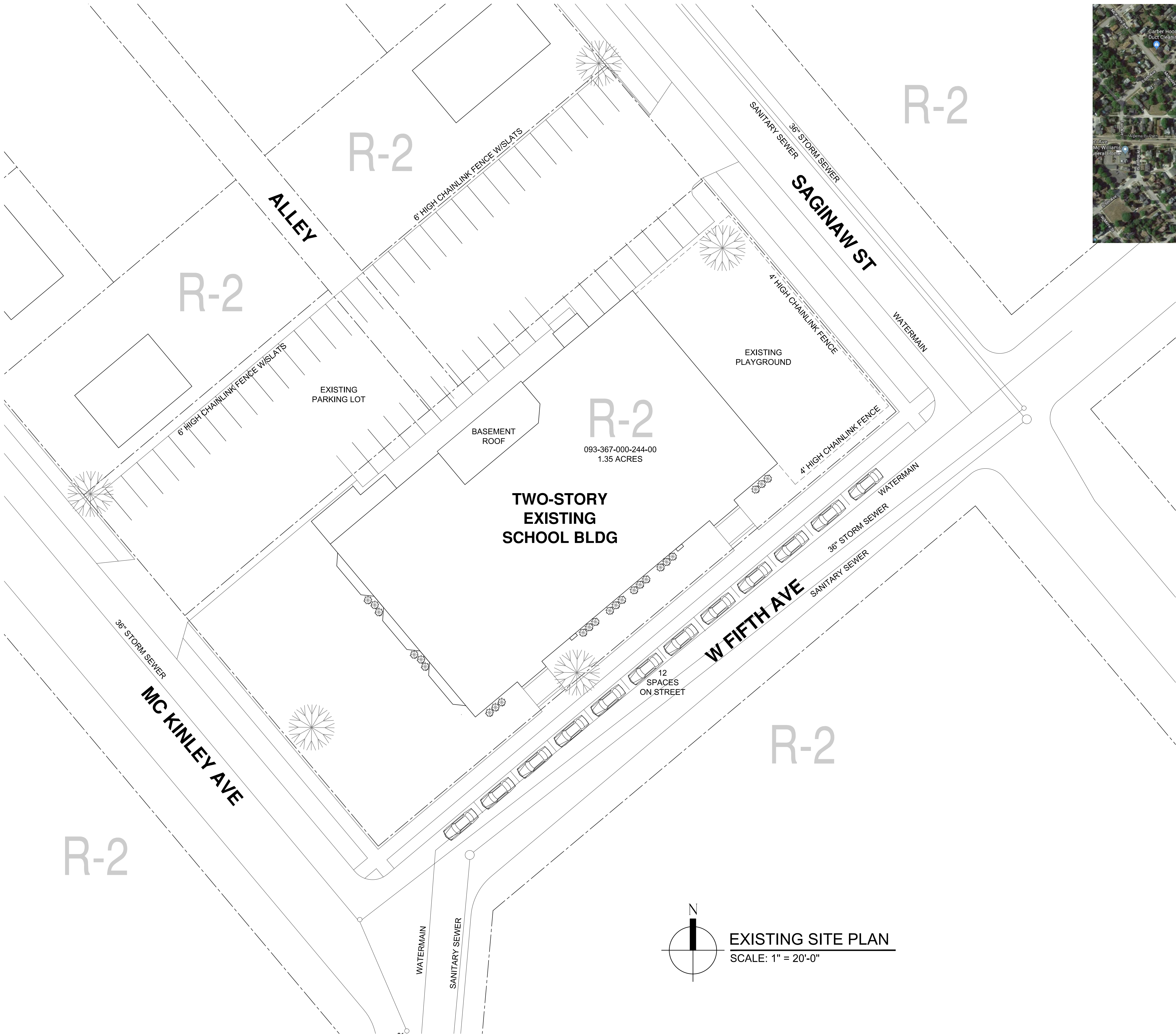
- 14 one-bedroom apartments
- 2 two-bedroom apartments

More detail on unit square footages and income targeting are included in this request.

**Hope Network**

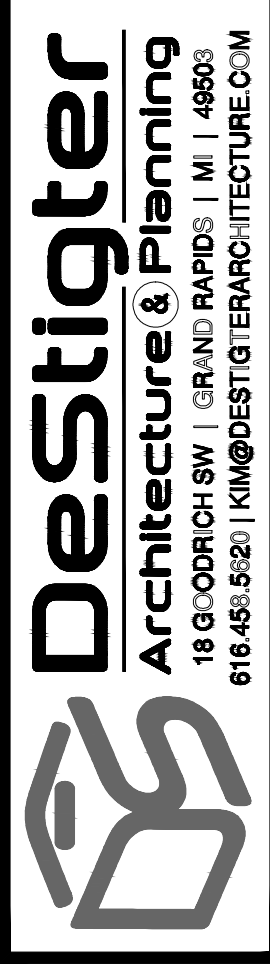
Hope Network Affordable Independent Living NPHC (“Hope”) is a 501c3 nonprofit with its principal office located in the Grand Rapids metropolitan area. Hope’s service footprint extends throughout Michigan including several housing and service locations in northern Michigan. Our desire is to house those individuals who experience the highest barriers to housing, especially those susceptible to homelessness. Hope’s vision is that supported services coupled with appropriate housing will allow our identified populations to achieve their highest level of independence. We have a particular desire to serve those with the developmental disabilities, mental illness, substance-abuse disorders, chronic homelessness, youth aging out of foster care, families, seniors, victims of domestic abuse, returning citizens, and veterans.





LOCATION MAP

SITE INFORMATION		
	SF	ACRE
Total Site Area	59,125	1.35
Existing BLDG Footprint	17,149	0.39
Asphalt Parking & Concrete	22,941	0.53
Total Covered Area	40,090	0.92
Green Space %	32%	
Structure Coverage %	29%	
Total Covered Area %	68%	



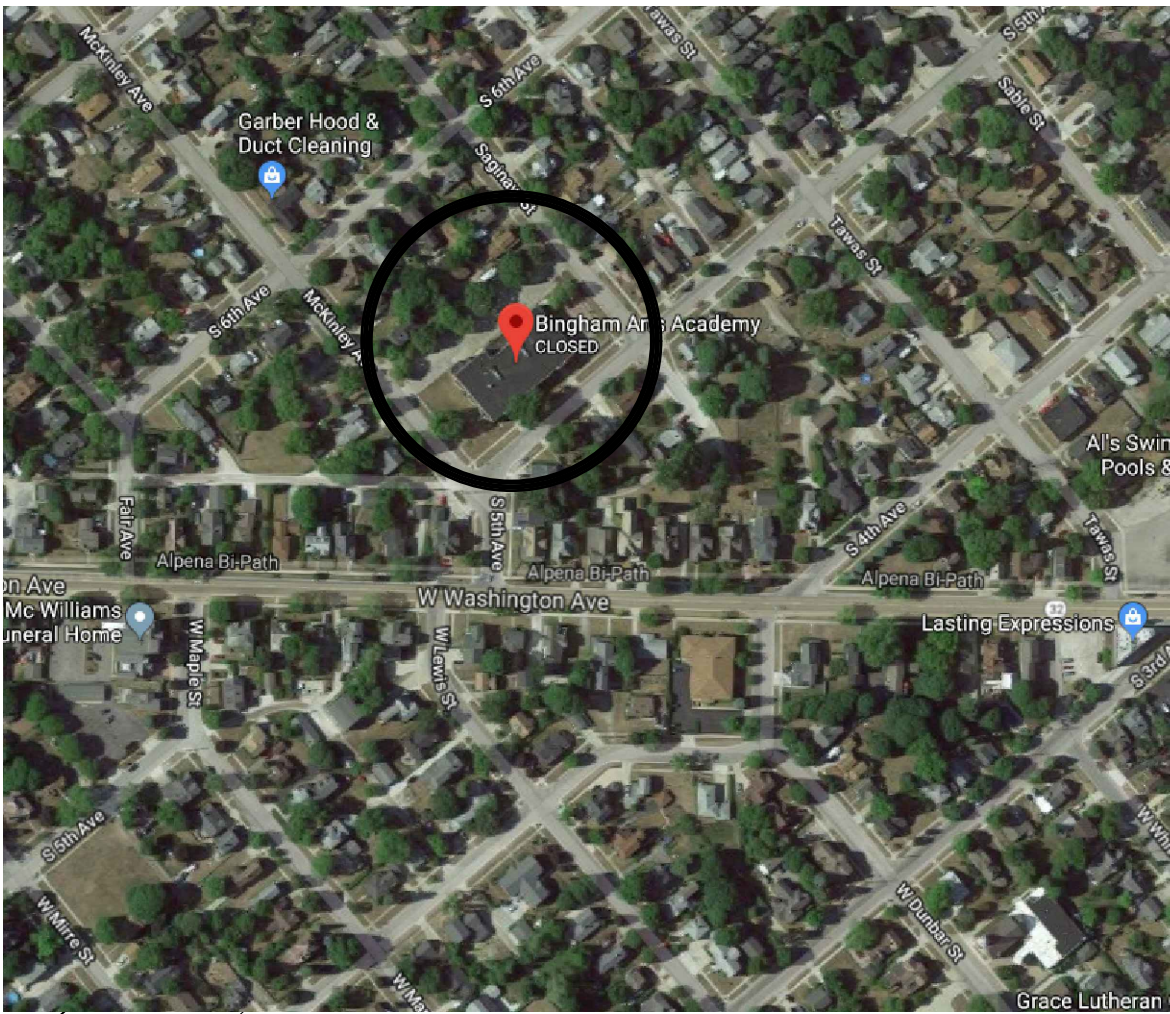
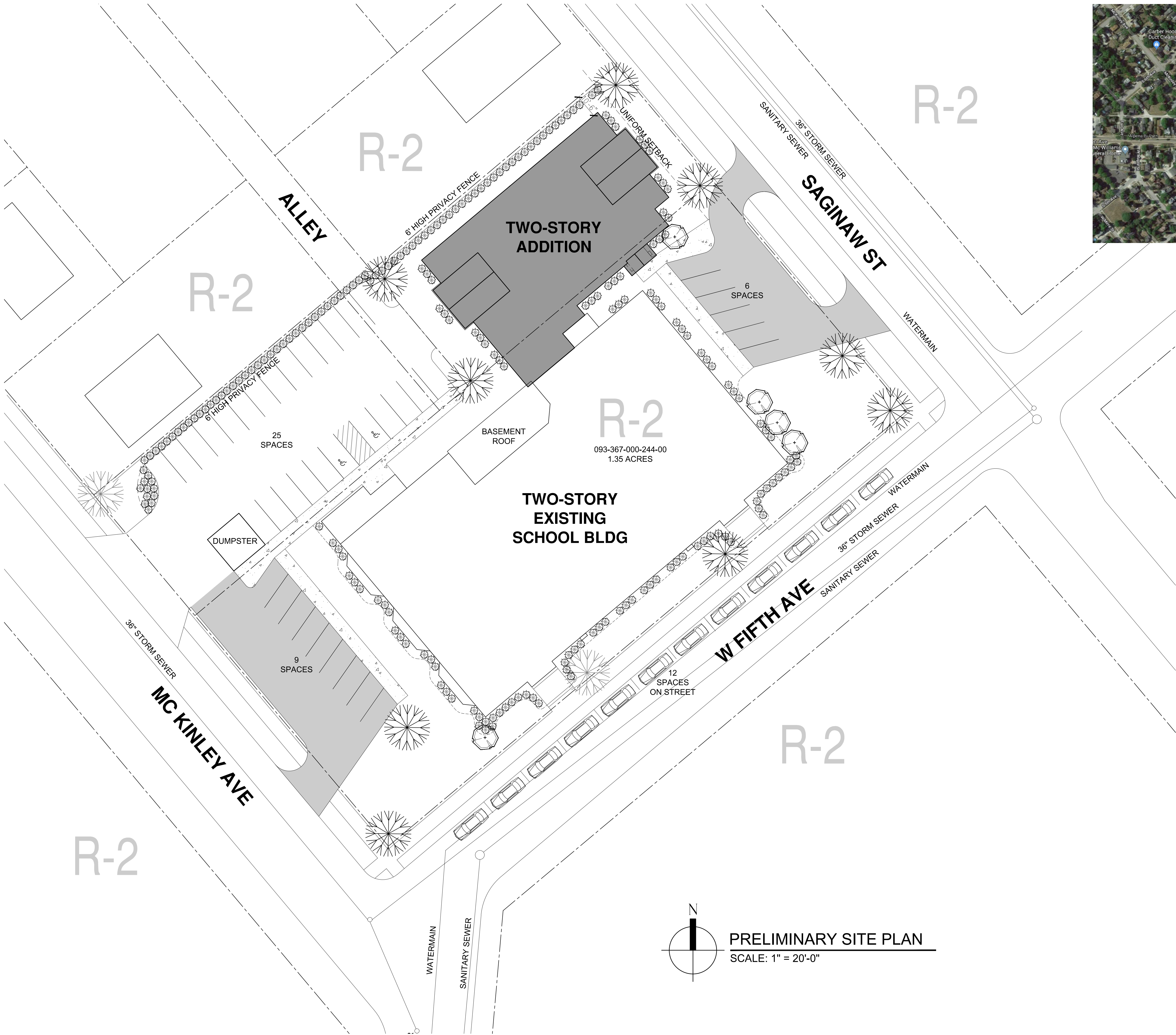
**Destigter**  
Architecture & Planning  
1800 Orchard SW | GRAND RAPIDS, MI | 49503  
616.466.5120 | KIM@DESTIGTERARCHITECTURE.COM

DEVELOPER:  
HOPE NETWORK  
3075 ORCHARD VISTA DR SE  
GRAND RAPIDS, MI 49546

ALPENA  
ADAPTIVE RE-USE & ADDITION  
555 S 5TH AVE. | ALPENA | MICHIGAN 49707

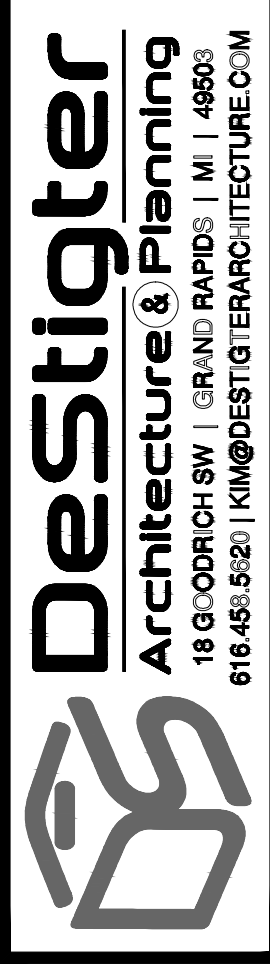
SHEET TITLE:	DATE:	ISSUED FOR:	DATE:	REVISION:
	07/18/19	OWNER REVIEW		
	07/22/19	CITY PUD SUBMISSION		
DRAWING NO.				
C1.0				





LOCATION MAP

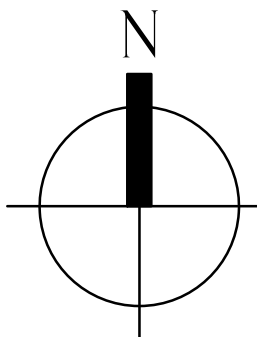
SITE INFORMATION		
	SF	ACRE
Total Site Area	59,125	1.35
Existing BLDG Footprint	17,149	0.39
New Addition Footprint	6,480	0.15
Total Structure Footprint	23,629	0.54
Asphalt Parking	15,468	0.36
Concrete Walks	2,227	0.05
Total Paved Area	17,695	0.41
Green Space %	30%	
Structure Coverage %	40%	
Total Covered Area %	70%	
Existing Units	0	Per acre
New Units	40	0.00
Total Units	40	29.63
Total Parking Spaces	40	
Parking Space/Unit Calc.	1	
Typical Parking Space		9' x 18'



**Destigter**  
Architecture & Planning  
18 GORDON SW | GRAND RAPIDS, MI | 49503  
616.466.5120 | KIM@DESTIGTERARCHITECTURE.COM

DEVELOPER:  
HOPE NETWORK  
3075 ORCHARD VISTA DR SE  
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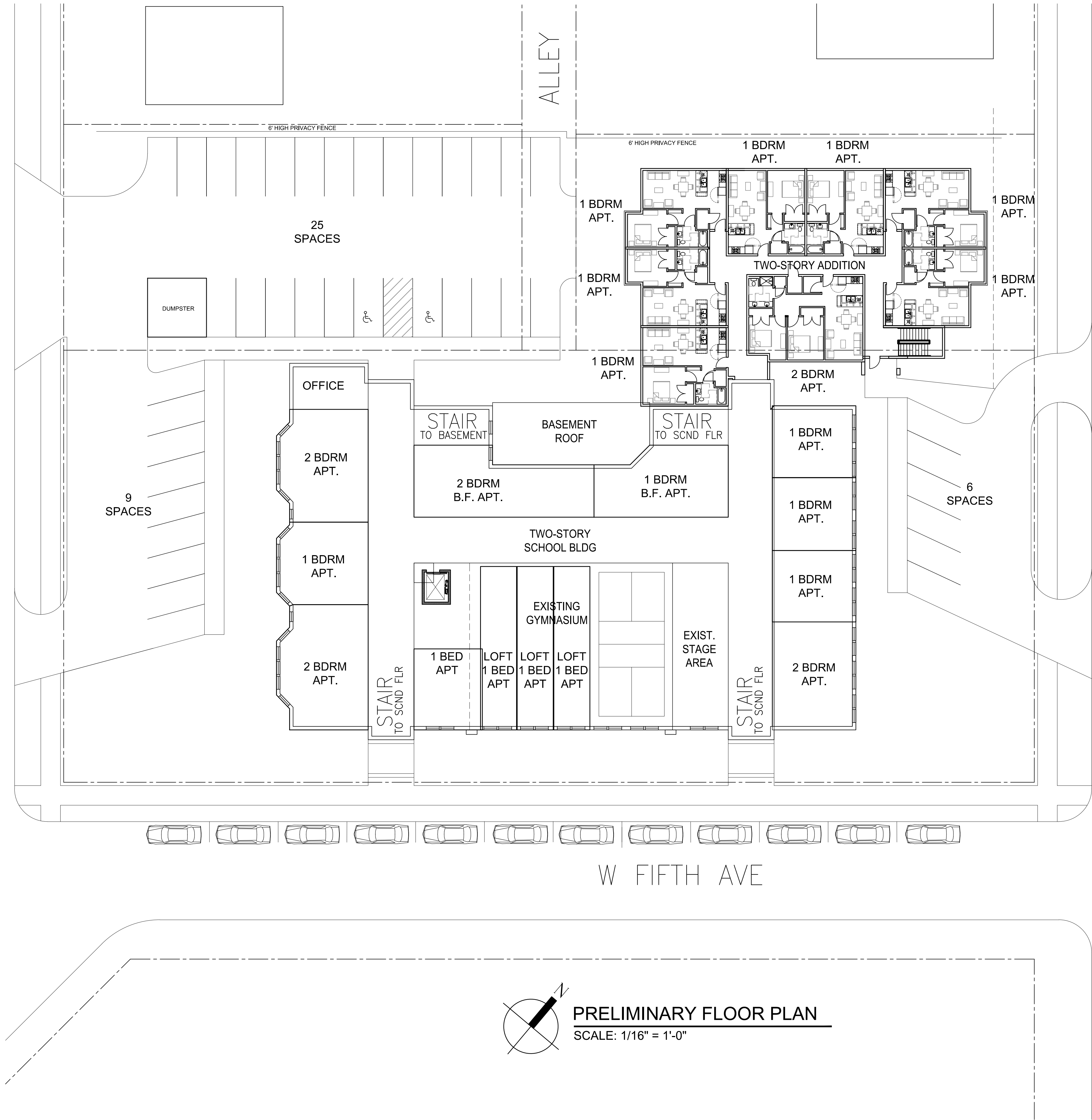
ALPENA  
ADAPTIVE RE-USE & ADDITION  
555 S 5TH AVE. | ALPENA | MICHIGAN 49707



PRELIMINARY SITE PLAN  
SCALE: 1" = 20'-0"

SHEET TITLE:	DATE:	ISSUED FOR:	DATE:	REVISION:
	07/18/19	OWNER REVIEW		
	07/22/19	CITY PUD SUBMISSION		
DRAWING NO.				
C2.0				





DESIGTER ARCHITECTURE & PLANNING									
Alpena - Bingham School - Dev. Data Summary									
7/10/2019									
	1 Bdrm 1 Bath	2 Bdrm 1 Bath	1 Bdrm 1 Bath	3 Bdrm 1 Bath	B.F. Type "A"	B.F. Type "B"	Hear & Visual Impaired	Apartment Loft Gross Area	Apartment Gross Area
BASEMENT									
SCHOOL FIRST FLOOR	1 1								560
	2 1								568
	3 1								556
	4 1								842
	5 1							405	549
	6 1							405	549
	7 1							405	549
	8 1								525
	9 1								1000
	10 1								687
	11 1								909
	12 1								1024
	13 1								818
SF TOTALS	6	4	3	0	0	0	0		9,136
SCHOOL SECOND FLOOR	1 1								560
	2 1								568
	3 1								556
	4 1								842
	5 1								549
	6 1								549
	7 1								525
	8 1								1000
	9 1								687
	10 1								909
	11 1								1024
	12 1								818
SF TOTALS	8	3	0	0	0	0	0		7,638
APT. GRAND TOTALS	14	7	3	0	0	0	0		16,774
NEW ADDITION - FF	1 1								634
	2 1								634
	3 1								634
	4 1								634
	5 1								634
	6 1								634
	7 1								634
	8 1								964
FF TOTALS	7	1	0						5,402
NEW ADDITION - SF	1 1								634
	2 1								634
	3 1								634
	4 1								634
	5 1								634
	6 1								634
	7 1								634
	8 1								964
SF TOTALS	7	1	0						5,402
ADD. GRAND TOTALS	14	2	0						10,854
PROJECT TOTALS	28	9	3	0	0	0	0		27,578
TOTAL UNITS 40									
									46,546



SOUTHEAST ELEVATION

SCALE: 3/16" = 1'-0"



EXISTING NEW

NORTHEAST ELEVATION

SCALE: 3/16" = 1'-0"

SHEET TITLE:	DATE:	ISSUED FOR:	DATE:	REVISION:
	07/18/19	OWNER REVIEW		
	07/22/19	CITY PUD SUBMISSION		
DRAWING NO.				
A2.0				





NORTHWEST ELEVATION

SCALE: 3/16" = 1'-0"



SOUTHWEST ELEVATION

SCALE: 3/16" = 1'-0"

NEW EXISTING

SHEET TITLE:	DATE:	ISSUED FOR:	DATE:	REVISION:
	07/18/19	OWNER REVIEW		
	07/22/19	CITY PUD SUBMISSION		
DRAWING NO.		A2.0		

## **Zoning Amendment – Hope Network / Bingham School**

### **4. Impact of Request**

- The existing school building would be renovated into 24 apartments with a 16 apartments addition to the north. We are anticipating that the facility will serve primarily independent seniors who are residents of the Alpena area. There may be some supportive services contracted from outside the facility, but it will not be licensed as assisted living.

#### **A. Public Utilities:**

- The building is located in area where all utilities; water, storm, sewer, gas and power are all readily available.
- The impact on the water and sewer utilities will be minimal. The water and sewer services were sized for the peak demand of a school using old flush valve type fixtures. This included showers for the gym as well as a school kitchen. The new apartments will utilize high efficiency low flow plumbing fixtures which may even reduce the total water consumption from the previous building use.

#### **B. Public Service:**

- The building and addition will be protected with an automatic sprinkler system reducing the probability of a fire requiring emergency personnel response.
- This project is targeting older adults that are self-sufficient. This is not an assisted living facility. Excessive ambulance service is not anticipated.
- We anticipate that our residents will recreate in the community like other residents. No special considerations or services are expected from Alpena.
- Our senior residents will not impact the school system other than potential volunteer activity in the schools.
- Some of our residents will have cars but our experience with senior facilities suggests that the car ownership is not at the same level as a typical apartment complex. Dial-a-ride would be beneficial to our residents without cars.
- We do not anticipate special equipment required for our projected population.

#### **C. Transportation:**

- The project is in a portion of Alpena where the streets, sidewalks and utility infrastructure are all in place and connected back to the immediate community.
- An off-street parking space is provided for all apartments. Adequate snow storage is provided at the ends of the parking lots.
- The new site plan does not significantly change the paved area on the site. Part of the parking lot in the rear of the site will become a building with landscaped perimeter, the existing parking lot on the northeast side of the building will be reduced and the paved area redistributed to both sides of the existing building. This will allow us to frame both sides of the front of the building with landscaping.
- The existing chain link fence will be removed.



- The project will generate some traffic, but the nature of a senior population is that they are most likely to take fewer trips per day than a younger working adult with children. We believe that the traffic activity will certainly be far less than a school would generate.

D. Environment:

- The project will be certified by an agency approved by Michigan State Housing Development Authority.
- One of the critical items in the point scoring system for environmental projects is the reuse of an existing building. There are no new natural areas, wildlife, groundwater, drainage, topography, groundwater, flood areas, or waterways effected by this renovation and addition.
- In addition to a green building the certification includes environmental considerations for low flow plumbing fixtures, storm water treatment, landscaping materials, low flow irrigation systems, connections to transit systems, bike storage, and other items.
- The existing Bingham School building is of historic and aesthetic significance and contributes positively to the character of the neighborhood. The design approach to the architecture is to maintain the brick façade and detailing of the school building to the greatest extent possible. The addition will borrow elements from the existing building but be more subdued to allow the school building to maintain prominence on the site. The addition includes a gabled portion which borrows imagery and scale from the historic homes in the neighborhood and facilitates compatibility with the adjacent residential structures.

## **Poll, Adam**

---

**From:** Cecilia Peasley <kaucec@gmail.com>  
**Sent:** Friday, August 16, 2019 12:49 PM  
**To:** Poll, Adam  
**Subject:** Hope network issues

Dear Adam,

Thank you for sending me the notice of public hearing, however, I received it yesterday and the hearing is on Tuesday. This is not providing adequate notice for individuals to plan to attend especially in view of the fact that it only allows for a few days to rearrange schedules. That is generally, in my opinion, a tactic that is used in order to push things forward without sufficient public input.

I have just yesterday become aware of the fact that it takes a full seven to nine days for mail to arrive when sent from one location in Alpena to another. Subsequently, and in view of this fact, you need to probably take greater effort in providing leeway for a more than lethargic mail delivery system.

In view of this I would like to voice my opinion as to the issue of providing public housing in the proposed region. It would be nice to hold off on selling this building to these investors and instead seek investors who have interest in the community. This company is from out of town and not at all invested in the city of Alpena. Clearly public housing is developed as a means of certain organizations to make money and not necessarily for the enhancement of the community. Promises can be made now, but who will back up these promises when the need arises.

From what I can see of the proposed development there will be practically no 'green' space. In addition, a 40 unit housing development in the midst of primarily single or multi housing units that rarely exceed 3-4 units in the area would be out of sync with the balance of the neighborhood makeup. There will be no tax base from this housing. There will be, however, a need for services supplied by the city, which will be supported by taxpayers who will not be receiving any benefit from the extra burden of 40 added family units in the area.

It appears to me that Alpena has made significant strides in development of its economic base. To seek and attract public housing development 300 feet from the main entry way into Alpena i.e. Washington Avenue, is not, in my opinion, enticing the movement of individuals with income into the area.

I have noticed the efforts of certain individual homes along Washington Ave to enhance the overall development of their property. This has been a long time coming and now that we see this movement, to be rewarded with the placement of public housing practically next door is defeating to say the least.

It is for the above rationale and especially for the lateness of the notice that I currently stand opposed to the low income housing development in the Bingham school. Please accept this data as part of your decision making.

Respectfully,

Cecilia Peasley.  
328 Washington Ave.

# Petition To Stop the Bingham school / Project AT 555 S. 5th Street.

8-14-2019 John & Vivian Merrill  
114 McKinley Ave. - lived here 53 years.

8-14-2019 TIMOTHY ALLEN 121 McKinley Ave

8-14-2019 Timothy Wallace 121 McKinley Ave

8-14-19 JUDITH QVAST 126 MCKINLEY AVE.

8-15-19 Kim Dieroni 342 W. Washington

8/15/19 LAINE FALK 342 W. WASHINGTON

8-15-19 Jeffrey Knoll 333 W. WASHINGTON

8-15-19 Denise Knoll 333 W. Washington Ave.

8-15-19 Josef C. Hops 1110 Commercial St

8-15-19 Ashley ~~Pennington~~ 530 S 5th Ave

8-15-19 ~~John~~ ~~Pennington~~ 333 W Washington Ave  
brother in law lives at

8-16-19 Ann ~~Pennington~~ OWNER - 510 S. FIFTH

8-16-19 Don Allen 509 7th Ave

8-16-19 Julie Allen 509 7th Ave.

8/16/19 ROBERT EDGAR 320 SAGINAW ST.

8-16-19 Kathryn Allen 320 Saginaw St

8-16-19 John ~~Pennington~~ 318 Saginaw St

8-16-19 Gary M. ~~Pennington~~ 316 Saginaw St

8-16-19 Oly ~~Pennington~~ 318 Saginaw St.

8-16-19 Kneez S. ~~Pennington~~ 316 Saginaw St.

8-16-19 Paul ~~Pennington~~ 224 Saginaw

8-16-19 Cigarette Bowen 514 S. Fifth Ave

8-16-19 Todd M. Bowen 514 S. Fifth Ave.

8-20-19 Kelly ~~Pennington~~ 510 S. Fifth Ave

8-20-19 Harold ~~Pennington~~ 128 Saginaw St.

8-20-19 Tom Scholtz 510 S 5th St Alpena mi

# Memorandum



Date: August 28, 2019

To: Mayor and City Council

Copy: Greg Sundin, City Manager

From: Adam Poll, Planning and Development Director

Subject: Bingham School Limited Dividend Housing Association Limited Partnership- PILOT Request

Hope Network, a non-profit based out of Grand Rapids has requested to remodel and add on to the vacant building (former Bingham School) located at 555 W Fifth Avenue. As part of this request their subsidiary; Bingham School Limited Dividend Housing Association Limited Partnership has requested a Payment In Lieu Of Taxes (PILOT). The proposed development would consist of 35 units reserved for income restricted independent senior living.

The proposed project would rely on the use of Low Income Housing Tax Credits (LIHTC), which require the establishment to obtain a PILOT to provide assurance that the tax burden will remain in line with the income and affordable nature of the proposed development for the life of the loan, in this case 40 years. The PILOT ordinance would restrict the primary residence to 55-years of age and allow them to have someone else living with them that could be 50 years old or older. The ordinance notes that any units containing someone that does not meet the age or income requirements would be taxed at the full amount of ad valorem taxes.

The proposed PILOT will be established at a rate of 10% of the Annual Shelter Rents less the cost of furnished utilities and will continue for the term of the financing and MSHDA regulatory oversight (40 years). At 10% the expected annual PILOT was calculated at \$21,773 by the applicants, roughly 30% (\$6,519) of that amount would remain at the City, while the other 70% would be divided among the other taxing jurisdictions. The applicant has estimated the construction cost to be \$7.793 million and estimated that would generate a taxable value of \$3.896 million. The ad valorem tax for that taxable value is calculated by the applicant at \$202,812 and the City would retain \$62,759. Staff believes that after reviewing comparable properties the taxable value would be lower than the taxable value generated by the applicants.

Due to this significant difference City staff is often very critical of developments that require a PILOT as they are often either utilizing property that could be used for market rate housing that

would generate full ad valorem tax amounts or they are attempting to convert an existing property that generates ad valorem taxes. This is generally not simply to build tax base, but additional residential units in the City require additional services to be provided which utilize City resources. In this instance the building in question has been a school for most of its history, which did not generate any revenue for the City. It was utilized as a charter school for several years and has been vacant and in private ownership the last few years. While utilized as a Charter school the building had a taxable value between \$147,000 and \$150,000 and when the building was vacant in 2018 and 2019 that taxable value has dropped to about \$88,000. Old school buildings are often difficult to develop due to specific architectural features such as wide hallways and standalone classrooms. In addition, most school systems prefer new construction as they indicate it is cheaper than trying to retrofit an old school with modern equipment. Because it is doubtful a school will relocate into this building and the difficulty developing this school for market rate housing, as well as the fact for most of its history it did not generate revenue for the City, staff would not be opposed for a development that requires a PILOT in this location.

The proposed \$7.793 million investment in this development will provide work for local contractors and improve the overall quality and quantity of low/mod housing stock available to seniors in the City. Although the development will be tax exempt, it is the intent of the federal government and MSHDA for them to remain so, so long as there is a need for low/mod housing within the City. Based on Census data and anecdotal information from the City's Rental programs, it is apparent that the need for such housing is still present and will continue to be present for the foreseeable future.

Consequently, staff supports the rehabilitation of the 35 rental housing units by Bingham School Limited Dividend Housing Association Limited Partnership and the approval of a new 10% PILOT covering the development as part of the firm's LIHTC application. If Council concurs, staff requests that the attached Ordinance No. 19-449 receive first reading this evening, September 3rd, with second reading and Council action on September 16, 2019.



## **ORDINANCE NO. 19-449**

### **AN ORDINANCE TO AUTHORIZE THE PAYMENT OF AN ANNUAL SERVICE CHARGE IN LIEU OF TAXES FOR RESIDENTIAL UNITS SERVING ELDERLY LOW INCOME OR PERSONS AND FAMILIES IN ACCORDANCE WITH THE STATE HOUSING DEVELOPMENT AUTHORITY, ACT 346 OF THE PUBLIC ACTS OF MICHIGAN OF 1966, AS AMENDED, AND MATTERS RELATED THERETO**

#### **THE CITY OF ALPENA ORDAINS:**

Section 1.     Purpose. This Ordinance authorizes and approves an annual service charge in lieu of taxes for residential housing developments that: (a) serve Elderly Low Income Persons or Families (as defined in the State Housing Development Authority Act, Act 346 of the Public Acts of Michigan of 1966 (1966 PA 346, as amended; MCL125.1401 et seq., as defined in Section 4), and this Ordinance); (b) are financed with a Mortgage Loan in accordance with this Act; (c) are located within the City of Alpena; and (d) comply with this Ordinance.

Section 2.     Title. This Ordinance shall be known and cited as the “City of Alpena – Bingham School Apartments Tax Exemption Ordinance.”

Section 3.     Preamble. It is acknowledged that it is a proper public purpose of the State of Michigan and its political subdivisions to provide housing for elderly low income citizens and to encourage the development of such housing by providing for a service charge in lieu of property taxes in accordance with the Act. The City of Alpena (the “City”) is authorized by the Act and this Ordinance to establish or change the annual service charge to be paid in lieu of taxes by any and all classes of housing exempt from taxation under the Act at any amount it chooses not to exceed the taxes that would be paid but for the Act. It is further acknowledged that housing for elderly low income persons and families is a public necessity, and as the City will be benefitted and improved by such housing, the encouragement of the same by providing certain real-estate tax exemptions for such housing is a valid public purpose; further, that the continuance of the provisions of this Ordinance for tax exemption and the service charge in lieu of taxes during the period contemplated in this Ordinance are essential to the determination of economic feasibility of housing developments which are constructed and financed in reliance on such tax exemption.

The City acknowledges that Bingham School Limited Dividend Housing Association Limited Partnership (the “Sponsor”) has committed to construct and rehabilitate, own and operate a housing development identified as “Bingham School Apartments” on certain property located at 555 South 5<sup>th</sup> Avenue, Alpena, Michigan, to serve Elderly Low Income Persons and Families, and that the Sponsor has offered to pay and will pay to the City, on account of the Housing Development, an annual service charge for public services in lieu of all taxes.

Section 4.     Definitions. The terms used within this Ordinance shall have the following meanings:

- A. “Act” means the State Housing Development Authority Act, being Act 346 of the Public Acts of Michigan of 1966, (1966 PA 346, as amended; MCL 125.1401 et seq).

- B. "Annual Shelter Rents" means the total actual collections during each calendar year from all occupants of a housing development representing rents or occupancy charges, which rental amounts shall be exclusive of charges for gas, electricity, heat, or other utilities furnished to the occupants.
- C. "Authority" means the Michigan State Housing Development Authority.
- D. "Class" means the Housing Development known as Bingham School Apartments for Elderly Low Income Persons and Families.
- E. "Elderly" means a single person who is 55 years of age or older or a household in which at least one (1) member is 55 years of age or older and all other members are 50 years of age or older as defined in the Act.
- F. "Mortgage Loan" means a loan that is Federally-Aided (as defined in Section 11 of the Act) or a loan or grant made or to be made by the Authority to the Sponsor for the construction, rehabilitation, acquisition and/or permanent financing of a housing development and secured by a mortgage on the housing development. The Mortgage Loan has a term of forty (40) years.
- G. "Housing Development" means a development which contains a significant element of housing for elderly persons of low income and such elements of other housing, commercial, recreational, industrial, communal, and educational facilities as the Authority determines to improve the quality of the development as it relates to housing for elderly persons of low income. For the purposes of this Ordinance, "Housing Development" means Bingham School Apartments located on the property owned by the Sponsor.
- H. "Low Income Persons and Families" means persons and families eligible to move into and reside in the Housing Development.
- I. "Sponsor" means person(s) or entities which have applied to the Authority for the Tax Credits to finance a Housing Development. For the purposes of this Ordinance, the Sponsor is Bingham School Limited Dividend Housing Association Limited Partnership.
- J. "Tax Credits" means the low-income housing tax credits made available by the Authority to the Sponsor for rehabilitation of the Housing Development by the Sponsor in accordance with the Low Income Housing Tax Credit Program administered by the Authority under Section 42 of the Internal Revenue Code of 1986, as amended.
- K. "Utilities" means fuel, water, sanitary sewer service and/or electrical service, which are paid by the Housing Development.

Section 5. Class of Housing Development. It is determined that the class of housing projects to which the tax exemption shall apply and for which a service charge shall be paid in lieu of such taxes shall be housing projects for Elderly Low Income Persons and Families that are financed with a Mortgage Loan. It is further determined that Bingham School Apartments is of this class. This Ordinance shall apply only to the Housing Development to the extent that the Housing Development provides housing for Elderly Low Income Persons and Families and is financed by a Mortgage Loan pursuant to the Act.

Section 6. Establishment of Annual Service Charge.

A. The City acknowledges that the Sponsor and the Authority have established the economic feasibility of the Housing Development in reliance upon the enactment and continuing effect of this Ordinance and the qualification of the Housing Development for exemption from all ad valorem property taxes and payment of an annual service charge in lieu of

ad valorem taxes in an amount established in accordance with this Section. In consideration of the Sponsor's offer to rehabilitate, own and operate the Housing Development, the City agrees to accept payment of an annual service charge for public services in lieu of all ad valorem property taxes that would otherwise be assessed to the Housing Development under Michigan law.

(1) Effective upon the adoption of this ordinance and subject to the receipt by the City of the "Notification of Exemption" (or such other similar notification) by the Sponsor and/or the Authority, the annual service charge shall be equal to ten (10%) percent of actual Annual Shelter Rents collected less Utilities paid by the Sponsor.

B. The Housing Development, and the property on which it is constructed, shall be exempt from all ad valorem property taxes from and after the commencement of rehabilitation of the Housing Development by the Sponsor under the terms of this Ordinance.

Section 7. Limitation on the Payment of Annual Service Charge. Notwithstanding Section 6, if any portion of the Housing Development is occupied by other than Elderly Low Income Persons and Families, the full amount of the taxes that would be paid on those units of the Housing Development if the Housing Development were not tax exempt shall be added to the service charge in lieu of taxes.

Section 8. Contractual Effect of Ordinance. Notwithstanding the provisions of Section 15(a) (5) of the Act to the contrary, and subject to the terms of this Ordinance including, but not limited to Section 11 herein, this Ordinance constitutes a contract between the City and the Sponsor to provide an exemption from ad valorem property taxes and to accept the payment of an annual service charge in lieu of such taxes, as previously described in this Ordinance. It is expressly recognized that the Authority is a third-party beneficiary to this Ordinance.

Section 9. Payment of Service Charge. The annual service charge in lieu of taxes shall be payable to the City in the same manner as ad valorem property taxes are payable to the City except the annual payment shall be paid on or before the last day of April of each year.

Section 10. Duration. This Ordinance shall remain in effect and shall not terminate for so long as the Mortgage Loan remains outstanding and unpaid or the Authority has any interest in the property; provided, that construction of the Housing Development commences no later than January 31, 2021.

Section 11. Publication; Effective Date. This Ordinance shall become effective 10 days after publication of a summary of its provisions in a newspaper of general circulation in the City.

Section 12. Severability. The various sections and provisions of this Ordinance shall be deemed to be severable, and should any section or provision of this Ordinance be declared by any court of competent jurisdiction to be unconstitutional or invalid the same shall not affect the validity of this Ordinance as a whole or any section or provision of this Ordinance, other than the section or provision so declared to be unconstitutional or invalid.

Section 13. Repeal. All ordinances or parts of ordinances in conflict with this Ordinance are repealed to the extent of such inconsistency or conflict.



EFFECTIVE DATE

THE PROVISIONS OF THIS ORDINANCE SHALL TAKE EFFECT TEN (10) DAYS AFTER BEING ADOPTED BY THE MUNICIPAL COUNCIL AND DULY PUBLISHED.

I HEREBY CERTIFY THAT THE ABOVE ORDINANCE WAS ADOPTED BY THE MUNICIPAL COUNCIL OF THE CITY OF ALPENA, MICHIGAN, AT A REGULAR MEETING HELD ON \_\_\_\_ DAY OF \_\_\_\_\_, 2019.

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MATTHEW J. WALIGORA

Mayor

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ANNA SOIK

City Clerk/Treasurer/Finance Director

First Presented: September 3, 2019

Adopted:

Published: \_\_\_\_\_