



## **Agenda: Battle Creek City Commission**

**Meeting Type:** Workshop

**Meeting Date:** October 20, 2015

**Chair:** Deborah G. Owens, Mayor

**Prepared By:** City Hall Room 302A

City Commission

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### **ATTENDANCE**

Mayor Deb Owens	Rebecca Fleury, City Manager
Vice Mayor Lynn Gray	Susan Bedsole, Assistant City Manager
Commissioner Susan Baldwin	Ted Dearing, Assistant City Manager
Commissioner Jeff Domenico	Jill Steele, City Attorney
Commissioner Andy Helmboldt	Victoria Houser, City Clerk
Commissioner Dean Newsome	Jim Blocker, Police Chief
Commissioner Mike Sherzer	Steve Hudson, City Assessor
Absent:	Gail Bradstreet, City Treasurer
Commissioner Mark Behnke	Alicia Sackett, Deputy City Clerk
Commissioner Dave Walters	Dave Schmaltz, Fire Chief

### **PUBLIC COMMENT - Limited to Three Minutes per Individual**

Robert Ashley commented on Section 8 of the IFT agreement.

### **Industrial Facilities Tax Exemption Data Gathered**

Steve Hudson, City Assessor, stated the Industrial Facilities Tax Abatement was established with Public Act 198 of 1974, stating the IFT district must first be established at the local level, noting the first district was established for the Kellogg Company in July of 1975, with the Fort Custer Industrial District established in December of 1975. Assessor Hudson noted the project must be related to the manufacturing process, based on the SIC code, with a maximum term of 12 years, after completion of construction. Assessor Hudson also noted the minimum investment required is 20% of the current SEV or \$100,000, noting the minimum was \$200,000 prior to 2004. Assessor Hudson noted the IFT application with the least amount is for Stewart Industries in an amount of \$170,000, with the largest abatement application from Denso in an amount of \$114.7 million. Assessor Hudson noted the IFT application must be filed within 6 months of the beginning of the project, also requiring a start and completion date. Assessor Hudson stated City policy does not currently require jobs be retained or created to receive approval of the abatement request, stating the City may change this if desired, noting the State Tax Commission does not require jobs be created and will not revoke the IFT if the company does not meet the number of jobs listed in the application. Assessor Hudson noted that any requirements of the local municipality that are beyond the State requirements may not be enforced by the State, noting companies may

appeal to the State if the local municipality does not approve the application.

Assessor Hudson stated the City monitors the process, receiving copies of the building permits and annual personal property statements. Assessor Hudson stated the final costs are filed with the City and the State upon completion, noting a new resolution is needed if the costs exceed the original application by 10% or more.

Comm. Baldwin confirmed companies do not have to apply for IFT abatements, nor do they need to request a new resolution if their project costs go over 10%, unless they want the amount added to their abatement.

Assessor Hudson stated the City sends an annual Contract Compliance statement request to companies receiving tax abatements, noting race and gender are no longer included on the form. Assessor Hudson noted the City requests information relative to jobs if this was included on their application.

Assessor Hudson noted the benefit of tax abatement to companies is a reduction of roughly 50% of the millage, providing significant tax savings over a 12 year period. Assessor Hudson noted automotive model changes often require equipment changes for companies, noting the benefit will be tied to what the company actually invests.

As to revocation of the abatement, Assessor Hudson noted the State will not enforce the City's abatement agreements, relative to the creation or retention of jobs, but that the City may pursue this if it was included in the agreement. Assessor Hudson stated the abatement will be revoked upon request of the company, if the company is not paying their taxes, or if the company did not act in good faith, upon petition from the City to the State.

Comm. Domenico inquired as to how businesses were made aware they may apply for ITF abatements.

Assessor Hudson noted information is available on the City's website, along with marketing material provided by the City and Battle Creek Unlimited, noting most companies are aware of tax incentives when considering relocating or investing in the City.

Rebecca Fleury, City Manager, noted the City receives many inquiries from non-manufacturing businesses, noting the IFT is not available to non-manufacturing businesses, noting other equivalents may be available. Ms. Fleury stated the Commission may want to review the City policy and consider including specific criteria, noting the City would have leeway to enforce the number of jobs included in the IFT agreement.

Assessor Hudson noted that the industrial personal property tax would begin to phase out in 2016, being completely exempt as of 2026.

### **Police and Fire Options for Military Time and Pension**

Ms. Fleury clarified the City has a policy for the purchase of military time, specifically for the Police and Fire Departments, stating the City also has a policy allowing staff under the MERS plan to purchase time at their expense. Ms. Fleury noted there was not a policy or provision in place for Police and Fire personnel to purchase service time at their own expense, stating the Commission may direct the Administration to research the possibility of allowing P & F personnel to purchase time at their own expense from the P & F Pension.

Comm. Domenico expressed his opinion it was important to begin the conversation and to get people engaged.

Jill Steele, City Attorney, stated Battle Creek City employees covered by MERS cannot request more than 5 years and cannot buy time to be vested.

Comm. Newsome expressed concern the purchase of time from the P & F pension may cost the taxpayer more.

Ms. Fleury noted the Police and Fire Pension could not be mingled with the MERS plan.

Comm. Helmboldt noted a study was completed several years ago regarding the purchase of military time for Police and Fire personnel, noting the research was included on a past resolution.

Comm. Sherzer recommended a committee be established to determine the viability of the P & F Pension Fund, stating he would like to see more available options for personnel.

Comm. Baldwin noted the Legacy Cost Committee was researching the viability of the P & F Pension Fund.

Gail Bradstreet, City Treasurer, noted the P & F Pension fund was not fully funded, currently at 81.5%, noting recently adopted criteria for the actuarial calculations, stating the current criteria was not realistic given changes in wages and investments. Ms. Bradstreet stated the assumptions are going to make a higher liability, resulting in higher costs to the City and taxpayer, noting there was no limit on the P & F millage rate.

Ms. Fleury stated the Committee would be looking at ways to positively increase funding.

Ms. Bradstreet stated the P & F Pension Board has their own legal counsel, stating the Board may need to pay for their expertise, stating she was not sure if the Act allowed the City to create a policy allowing personnel to purchase service time and pay for it.

Ms. Steele stated she was not able to find anything in the Act stating the City cannot allow an employee to purchase service credit, noting the MERS act does not have a provision for purchasing service credit. Ms. Steele stated she was unsure if the purchase of service credit would be allowed as it was funded with a millage assessment, stating she has sent out requests to other municipalities for additional information.

Ms. Bradstreet stated she would also inquire to members of the Michigan Association of Public Employee Retirement Systems as to their policies.

## **ADJOURNMENT**

Mayor Owens adjourned the meeting at 6:24 pm.

Citizens who wish to address a specific issue on the floor may do so at any time after being recognized by the Mayor or presiding Commission. At the time for public comments, after being properly recognized, citizens may address the commission on any subject. Citizens will be subject to the following limitations:

1. Citizen comments on any Resolution before the Commission may be made either before or after the Commissioners have had an opportunity to discuss the Resolution, at the discretion of the Chair;
2. Citizens wishing to speak to a particular Resolution should raise their hands and wait to be recognized before speaking;
3. Citizens will confine their remarks to matters currently pending on the floor, and be brief and concise in making their remarks;
4. If a citizen becomes repetitive or, in the opinion of the Chair, takes an inordinate amount of time in making comments, that citizen will be ruled out of order and the Commission will continue with its business;
5. Citizens should address all remarks to the Commission as a whole, and not to individual Commissioners.

These Rules will apply to comments by citizens during the Public Comment section of the Agenda. The City of Battle Creek will provide necessary, reasonable, auxiliary aids and services, such as signers for the hearing impaired, and audiotapes of printed materials being considered in the meeting, upon seven days' notice to the City of Battle Creek. Individuals with disabilities requiring auxiliary aids or services, should contact the City of Battle Creek by writing or calling the following:

Victoria Houser  
Office of the City Clerk  
Post Office Box 1717  
Battle Creek, Michigan 49016  
269/966-3348 (Voice)  
269/966-3348 (TDD)



**Item Title:** PUBLIC COMMENT - Limited to Three Minutes per Individual



**Item Title:** Industrial Facilities Tax Exemption Data Gathered



**Item Title:** Police and Fire Options for Military Time and Pension



**Item Title:**