

Southgate City Council Agenda

Council Chambers

Wednesday August 17, 2016

6:30pm **Work Study Session**

1. Officials Reports
2. Discussions regarding agenda items.

7:00 pm **Regular Meeting**

Pledge of Allegiance

Roll Call: Colovos, Farrah, George, Graziani, Rauch, Rollet, Zamecki.

Minutes:

1. Work Study Session Minutes dated August 3, 2016.
2. Regular City Council Meeting Minutes dated August 3, 2016.

Scheduled Persons in the Audience:

Consideration of Bids:

Scheduled Hearings:

Communications "A" –

- | | |
|--|---------|
| 1. Letter from Mayor; Re: Appointment of Director of Public Safety | Page 2 |
| 2. Letter from Mayor; Re: Appointment of Police Chief | Page 6 |
| 3. Letter from Mayor; Re: Appointments to Library Commission | Page 10 |
| 4. Letter from Mayor; Re: Purchase of 1 EMS Stair Chair | Page 11 |
| 5. Letter from Mayor; Re: Purchase of Hard Armor Plates | Page 15 |
| 6. Memo from Laura Walsh; Re: SMART Municipal and Community Credit Program Agreement | Page 19 |
| 7. Memo from Administrator; Re: Setting a Public Hearing Date for Kroger | Page 29 |

Communications "B" – (Receive and File)

Ordinances:

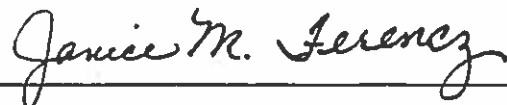
Old Business:

New Business:

Unscheduled Persons in the Audience:

Claims & Accounts: Warrant # 1311 - \$ 6,114,543.69

Adjournment:



Janice M. Ferencz, City Clerk

JOSEPH G. KUSPA
Mayor

JANICE M. FERENCZ
City Clerk

JAMES E. DALLOS
Treasurer



City of Southgate
NORMA J. WURLINGER
MUNICIPAL BUILDING

- CITY COUNCIL -

JOHN GRAZIANI
Council President

KAREN E. GEORGE

MARK FARRAH

BILL COLOVOS

DALE W. ZAMECKI

PHILLIP J. RAUCH

CHRISTOPHER P. ROLLET

Memorandum

To: Honorable City Council Members

From: John J. Zech, City Administrator

Re: Resolution to Approve the Binding Letter of Agreement with Mr. Jeffrey Smith

Date: August 10, 2016

As regulated by Section 64 of the Southgate City Charter, Mayor Kuspa will be appointing Mr. Jeffrey Smith to the position of Director of Public Safety for the City of Southgate. Currently serving as the City's Police Chief, Mr. Smith is an accomplished professional with 22 years of service to the City of Southgate. Mr. Smith will immediately assume the duties and responsibilities of the position upon the retirement of Director of Public Safety Thomas Coombs on August 27, 2016.

The Administration is respectfully recommending the approval of the Binding Letter of Agreement with Mr. Jeffrey Smith.

Please feel free to contact me with any questions and/or comments.

BINDING LETTER OF AGREEMENT

THIS LETTER OF UNDERSTANDING is made and entered into this 28 day of August 2016 by and between JEFFREY SMITH, Director of Public Safety, City of Southgate Police Department (Director Smith) and the CITY OF SOUTHGATE, a Michigan municipal corporation, located at 14400 Dix-Toledo Road, Southgate, Michigan 48195 (City), and shall become effective between the parties upon execution. This agreement memorializes the terms and conditions applicable to Director Smith effective and continuous from his date of appointment as Director on August 26, 2016.

NOW THEREFORE, in consideration of the mutual promises set forth herein, the parties intending to be legally bound, do hereby represent, warrant, covenant and agree as follows:

The Director of Public Safety shall be entitled to the following benefits:

1. Beginning salary of \$98,601.54 effective 8/2016, with annual adjustments in base compensation on July 1st of each year starting 7/1/2017, which may reflect those received by the bargaining unit of employees over which the Director shall have supervision.
2. Considerations, at the discretion of the City Administration, for additional annual adjustments in salary, which when aggregated with number 1 above would be within the range of improvement authorized by City Council for other Department Heads.
3. ALL "allowances" and base wage enhancements, currently being received as of 7/2/2016 including annual "On Call Pay" and "Expense" allowances subject to adjustment if the members the Director supervises have changes.
4. Except as to number 5 below, ALL other benefits, commonly called "fringe benefits", shall not be not less than Director Smith would currently be entitled to as of 7/2/2016, except that all health insurance, including the drug card, will mirror the Command Officers in the Bargaining Unit which the Director supervises. Fringe benefits may be adjusted if the members the Director supervises have changes.
5. Executive Latitude Time: shall be provided (at a rate of 8 hours per month on the first of each month) in lieu of compensatory time or overtime. The balance shall reset to zero every July 1st and January 1st. There will be no reimbursement for unused hours.
6. Accumulation of earned vacation days shall not exceed Current Year Plus one year, as of December 31 each year; days accumulated in excess shall be forfeited and not paid.
7. The multiplier will be set at 2.69% for first 25 years and 1% thereafter. FAC will not be less than currently being received as of 6/30/2012. The employee contribution will be 10%. There shall be a hard cap of \$89,447.43 after annuity withdrawal for the Director of Public Safety.
8. Hours of Employment: The normal work schedule shall be Monday through Friday, five (5) eight (8) hour days for a total of forty (40) hours each week. All days shall be eight (8) straight hours and not a split shift.
9. Vacation & Leave Time Requests (including executive latitude and personal business time): Subject to the approval of the Mayor.
10. A City vehicle shall be made available for City related business and may be taken home at night as long as you reside in the City of Southgate.

11. Discipline: All disciplinary matters regarding the Director, shall be entitled to the due process provisions and rights articulated in Public Act 78 (Police and Fire Civil Service Act) and the Police Rules and Regulations. The Director shall have the right to appeal any disciplinary action either directly to the Police and Fire Civil Service Commission or utilize the Binding Arbitration right that is contained in the labor contracts of the bargaining units of employees over which the Director shall have supervision. The choice of forum will be at the Director's discretion.
12. If a dispute arises concerning this Agreement or Employee's employment with the Employer in any way, shape or form including, but not limited to, any and all statutory, administrative, discrimination, contract, or any other potential, judicial or other claims, such dispute can be resolved only through binding arbitration pursuant to the terms of this arbitration provision, with the exception of discipline as outlined in Section 11. Within one hundred eighty (180) days of the event or occurrence which gives rise to the dispute, either Employee or the Employer may file a demand for arbitration with the Federal Consultation and Mediation Services ("FCMS"). Such arbitration shall be conducted in accordance with FCMS's commercial arbitration rules (except as modified herein). Such arbitration shall be heard by a single Michigan arbitrator. The determination of the arbitrator shall be binding upon both the Employer and Employee. All expenses, costs, administrative filing fees and arbitrator's fees shall be shared equally by the Employer and Employee. The parties further agree that they will comply with the terms of this arbitration provision and any award rendered by the arbitrator, and that a judgment of a court having jurisdiction may be entered upon the award as long as the arbitrator does not exceed their authority or jurisdiction. This arbitration agreement specifically includes, but is not limited to, statutory claims of employment discrimination.
13. Liability Insurance: Shall be provided to cover all lawsuits arising from conduct undertaken within the scope of employment.

This Agreement constitutes the entire understanding of the parties and supersedes any prior agreements, oral understandings, resolutions or statements of intent. This agreement may not be changed, modified or altered in any manner except as mutually agreed to by the parties in writing. In the event that negotiations extend beyond the said expiration date of this Agreement, the terms and provisions of this Agreement shall remain in full force and effect pending agreement upon a new Contract.

This Agreement shall be governed by the laws of the State of Michigan.

IN WITNESS WHEREOF, the parties have executed this agreement by their duly authorized representatives this day of August 28, 2016.

CITY OF SOUTHGATE, MICHIGAN
A Municipal Corporation

WITNESS

By: _____
Joseph G. Kuspa, Mayor

Witness

By: _____
Janice M. Ferencz, City Clerk

Witness

Jeffrey Smith
Director of Public Safety

By: _____
Jeffrey Smith, Director of Public Safety

Witness

JOSEPH G. KUSPA
Mayor

JANICE M. FERENCZ
City Clerk

JAMES E. DALLOS
Treasurer



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Council President

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MARK FARRAH

BILL COLOVOS

DALE W. ZAMECKI

PHILLIP J. RAUCH

CHRISTOPHER P. ROLLET

Memorandum

To: Honorable City Council Members

From: John J. Zech, City Administrator

Re: Resolution to Approve the Binding Letter of Agreement with Mr. Brian Klonowski

Date: August 10, 2016

As regulated by Section 64 of the Southgate City Charter, Mayor Kuspa will be appointing Mr. Brian Klonowski to the position of Police Chief for the City of Southgate. Currently serving as the City's Detective Lieutenant, Mr. Klonowski is an accomplished professional with 21 years of service to the City of Southgate. Mr. Klonowski will immediately assume the duties and responsibilities of the position upon the promotion of Police Chief Jeffrey Smith on August 27, 2016.

The Administration is respectfully recommending the approval of the Binding Letter of Agreement with Mr. Brian Klonowski.

Please feel free to contact me with any questions and/or comments.

BINDING LETTER OF AGREEMENT

THIS LETTER OF UNDERSTANDING is made and entered into this 28 day of August 2016 by and between BRIAN KLONOWSKI, Police Chief, Southgate Police Department (Chief Klonowski) and the CITY OF SOUTHGATE, a Michigan municipal corporation, located at 14400 Dix-Toledo Road, Southgate, Michigan 48195 (City), and shall become effective between the parties upon execution. This agreement memorializes the terms and conditions applicable to Chief Klonowski. This agreement memorializes the terms and conditions applicable to Chief Klonowski effective and continuous from his date of appointment as Chief on August 26, 2016.

NOW THEREFORE, in consideration of the mutual promises set forth herein, the parties intending to be legally bound, do hereby represent, warrant, covenant and agree as follows:

The Police Chief shall be entitled to the following benefits:

1. Beginning salary of \$92, 150.98 effective 8//2016, with annual adjustments in base compensation on July 1st of each year starting 7/1/2017, which may reflect those received by the bargaining unit of employees over which the Chief shall have supervision.
2. Considerations, at the discretion of the City Administration, for additional annual adjustments in salary, which when aggregated with number 1 above would be within the range of improvement authorized by City Council for other Department Heads.
3. ALL "allowances" and base wage enhancements, currently being received as of 7/1/2016 including annual "On Call Pay" and "Expense" allowances subject to adjustment if the members the Chief supervises have changes.
4. Except as to number 5 below, ALL other benefits, commonly called "fringe benefits", not less than currently being received as of 7/1/2016, except that all health insurance, including the drug card, will mirror the Command Officers in the Bargaining Unit which the Chief supervises. Fringe benefits may be adjusted if the members the Chief supervises have changes.
5. Executive Latitude Time: shall be provided (at a rate of 8 hours per month on the first of each month) in lieu of compensatory time or overtime. The balance shall reset to zero every July 1st and January 1st. There will be no reimbursement for unused hours.
6. Accumulation of earned vacation days shall not exceed Current Year Plus one year, as of December 31 each year; days accumulated in excess shall be forfeited and not paid.
7. The multiplier will be set at 2.69% for first 25 years and 1% thereafter. FAC will be not less than currently being received as of 7/1/2016. There shall be a hard cap of \$80,000.00 after annuity withdrawal. The employee's contribution shall be 10%.
8. Hours of Employment: The normal work schedule shall be Monday through Friday, five (5) eight (8) hour days for a total of forty (40) hours each week. All days shall be eight (8) straight hours and not a split shift.
9. Vacation & Leave Time Requests (including executive latitude and personal business time): Subject to the approval of the Mayor.
10. A City vehicle shall be made available for City related business and may be taken home at night as long as you reside in the City of Southgate.

11. Discipline: In recognition of the fact that the Chief's position must be filled in accordance with Public Act 78, all disciplinary matters regarding the Chief, shall be entitled to the due process provisions and rights articulated in Public Act 78 (Police and Fire Civil Service Act) and the Police Rules and Regulations. The Chief shall have the right to appeal any disciplinary action either directly to the Police and Fire Civil Service Commission or utilize the Binding Arbitration right that is contained in the labor contracts of the bargaining units of employees over which the Chief shall have supervision. The choice of forum will be at the Chief's discretion.
12. If a dispute arises concerning this Agreement or Employee's employment with the Employer in any way, shape or form including, but not limited to, any and all statutory, administrative, discrimination, contract, or any other potential, judicial or other claims, such dispute can be resolved only through binding arbitration pursuant to the terms of this arbitration provision, with the exception of discipline as outlined in Section 11. Within one hundred eighty (180) days of the event or occurrence which gives rise to the dispute, either Employee or the Employer may file a demand for arbitration with the Federal Consultation and Mediation Services ("FCMS"). Such arbitration shall be conducted in accordance with FCMS's commercial arbitration rules (except as modified herein). Such arbitration shall be heard by a single Michigan arbitrator. The determination of the arbitrator shall be binding upon both the Employer and Employee. All expenses, costs, administrative filing fees and arbitrator's fees shall be shared equally by the Employer and Employee. The parties further agree that they will comply with the terms of this arbitration provision and any award rendered by the arbitrator, and that a judgment of a court having jurisdiction may be entered upon the award as long as the arbitrator does not exceed their authority or jurisdiction. This arbitration agreement specifically includes, but is not limited to, statutory claims of employment discrimination.
13. Liability Insurance: Shall be provided to cover all lawsuits arising from conduct undertaken within the scope of employment.

This Agreement constitutes the entire understanding of the parties and supersedes any prior agreements, oral understandings, resolutions or statements of intent. This agreement may not be changed, modified or altered in any manner except as mutually agreed to by the parties in writing. In the event that negotiations extend beyond the said expiration date of this Agreement, the terms and provisions of this Agreement shall remain in full force and effect pending agreement upon a new Contract.

This Agreement shall be governed by the laws of the State of Michigan.

IN WITNESS WHEREOF, the parties have executed this agreement by their duly authorized representatives this day of August 28, 2016.

CITY OF SOUTHGATE, MICHIGAN
A Municipal Corporation

WITNESS

Joseph Kuspa
Mayor

By: _____
Joseph G. Kuspa, Mayor

Witness

Brian Klonowski
Police Chief

WITNESS

By: _____
Brian Klonowski, Police Chief

Witness

JOSEPH G. KUSPA
Mayor

JANICE M. FERENCZ
City Clerk

JAMES E. DALLOS
Treasurer



City of Southgate
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BILL COLOVOS
DALE W. ZAMECKI
PHILLIP J. RAUCH
CHRISTOPHER P. ROLLET

August 11, 2016

To The Honorable
Southgate City Council
Southgate, Michigan 48195

Re: Appointments to Boards/Commissions

Ladies and Gentlemen:

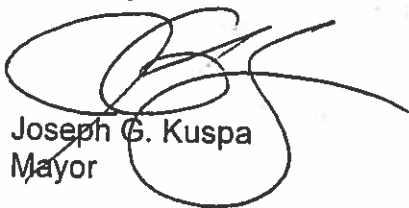
Please be advised I have made the following appointments:

Library Commission – for a term expiring April 2019

Mark Kremer 14734 Windemere
Barbara Perry 13710 Backus

Your concurrence on this appointment is greatly appreciated.

Sincerely,



Joseph G. Kuspa
Mayor

JGK/law

JOSEPH G. KUSPA
Mayor

JANICE M. FERENCZ
City Clerk

JAMES E. DALLOS
Treasurer



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PHILLIP J. RAUCH

CHRISTOPHER P. ROLLET

July 28, 2016

To the Honorable
City Council
Southgate, Michigan 48195

Re: Recommendation for 1 EMS Stair Chair

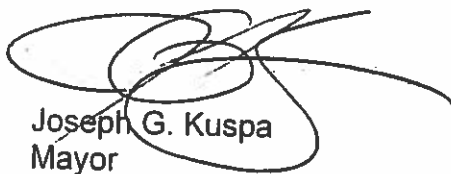
Ladies and Gentlemen:

It is recommended by the Fire Chief and I concur, that we Waive the Bid for the purchase of an EMS Stair Chair and award the purchase to Stryker in Portage, Michigan in the amount of \$3,212.20.

Sufficient funds are available in the Capital Fund Account for Fire Rescue for this purchase.

Your favorable consideration of this matter is requested.

Sincerely,



Joseph G. Kuspa
Mayor

JGK/law

JOSEPH G. KUSPA
Mayor

JANICE M. FERENCZ
City Clerk

JAMES E. DALLOS
Treasurer



City of Southgate
NORMA J. WURMLINGER
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DALE W. ZAMECKI

PHILLIP J. RAUCH

CHRISTOPHER P. ROLLET

MEMORANDUM

TO: The Honorable Mayor and City Council

FROM: David Angileri, Assistant City Administrator/Finance Director *DA*

DATE: August 8, 2016

RE: Recommendation for (1) EMS STAIR CHAIR
Waiver of Bid

I have reviewed the above with the Fire Chief, and concur with his recommendation to request the City Council grant a waiver of bid and award this purchase to Stryker, Portage, Michigan, in the amount of \$3,212.20.

Adequate funds are available in the Capital Fund Account for Fire Rescue for this purchase.

Southgate Fire Department

14730 Reaume Parkway
Southgate, Michigan 48195
(734) 258-3080 / FAX (734) 246-1352

Michael Sypula Fire Chief
(734) 258-3070
msypula@ci.southgate.mi.us



To: Honorable Mayor Joseph G. Kuspa

From: Fire Chief Mike Sypula

Re: Request for Waiver of bid/Purchase approval

Date: August 8, 2016

Dear Mayor,

The Fire Department is in need of replacing an EMS stair chair. This specialized chair is used for removing patients from the second floor when a stretcher will not fit into the hallway and up the stairs. Adequate funding has been set aside by the Finance Director for this purpose.

After searching the State of Michigan MI Deal web site there were no bids for Stair Chairs. This chair is replacing a ten year old chair. The new chair will be put on the 2016 rescue. I have visited both the Allen Park and Wyandotte Fire Departments and both Departments are highly impressed with the chair. The chair I am recommending will hopefully reduce firefighter back and shoulder injury's the design of the chair is similar to a furniture dolly. This chair is not the top of the line chair but meets the needs and storage capabilities of our rescue.

It is my recommendation that we purchase (1) Stryker Stair-PRO Model 6252 at the cost of \$3,212.20. With your concurrence I respectfully request this item be placed on the City Council's agenda for the meeting scheduled on August 17th 2016 for the purpose of a waiver of bid request and purchase approval.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Sypula".

Mike Sypula
Fire Chief

Cc: Finance Director, David Angileri. , City Administrator John Zech



3800 Centre Avenue

Portage, MI

49002

(800) RUGGED6

Bill To: _____

 E-Mail: _____
 Contact Info. _____
 Account No. _____

Ship To: _____

 Account: _____
 End User: _____

Qty	Part #	Description	Unit Price	Price
1	6252-000-000	STAIR PRO STAIR CHAIR	\$ 3,212.10	\$ 3,212.20
		FLIP DOWN FOOTREST		
		REMOVABLE HEAD SUPPORT		

Sub-Total \$3,212.20

Pre-Tax Total \$3,212.20

Sales Tax* (enter % here)
 TOTAL

*Tax-Exempt Verification Required

Purchasing Information:

Organization: _____
 Please Print

Name: _____ Title: _____
 Please Print Please Print

Signature: _____ Date: _____
 Authorized Purchasing Agent

Payment Information:

Net 30 Terms
 Visa/MC/AMEX: _____
 Card Number: _____
 Name on Card: _____
 Expiration Date: _____
 Security #: _____

OTHER
 Purchase Order #: _____
For public services/fire depts:
 Point of Contact at Headquarters: _____
 Headquarter's Phone: _____
 Headquarter's Address: _____

Comments:

PLEASE INCLUDE ON PO:

NET 30 terms
 Remit to: PO BOX 93308
 Chicago, IL 60673

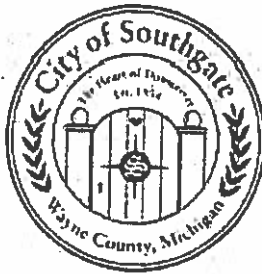
STRYKER REP
 Jillian Downey
 C 419-508-0028
 jillian.downey@stryker.com
 F 937-835-6003

Terms & Conditions: Get all dot accessories on original order and aftermarket accessories FODI only.
 Order subject to Stryker Corporation's approval. Credit cannot be allowed on returns of special or modified items.
 All approved returns will be accepted only in Kalamazoo, Michigan. Proposals valid for 30 days from submittal.

JOSEPH G. KUSPA
Mayor

JANICE M. FERENCZ
City Clerk

JAMES E. DALLOS
Treasurer



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CHRISTOPHER P. ROLLET

August 11, 2016

To the Honorable
City Council
Southgate, Michigan 48195

Re: Recommendation for Hard Armor Plates

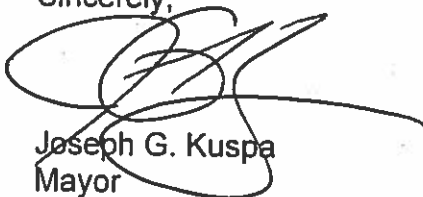
Ladies and Gentlemen:

It is recommended by the Director of Public Safety and I concur, that we waive the Bid procedure for the purchase of Hard Armor Plates and award the purchase to On Duty Gear, Port Huron, Michigan in the amount of \$16,200.00.

Sufficient funds are available in the State Forfeiture Account for this purchase.

Your favorable consideration of this matter is requested.

Sincerely,



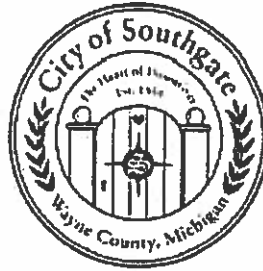
Joseph G. Kuspa
Mayor

JGK/law

JOSEPH G. KUSPA
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CHRISTOPHER P. ROLLET

MEMORANDUM

TO: The Honorable Mayor and City Council

FROM: David Angileri, Assistant City Administrator/Finance Director 

DATE: August 10, 2016

RE: Recommendation for Hard Armor Plates

I have reviewed the above with Director of Public Safety and concur with his recommendation to award this purchase and for a waiver of bid to On Duty Gear, Port Huron, Michigan, in the amount of \$16,200.00.

Funds will come from the State Forfeiture Account for this project.

MEMO

To: Honorable Mayor Joseph Kuspa

From: Office of the Director of Public Safety

Re: Request for Waiver of bid/Purchase approval/Hard Armor Plates

Date: 08/10/2016

Dear Mayor,

With the recent events occurring throughout the country with police officers being targeted in ambush type situations, where the suspects are armed with rifles, the Police Administration has been approached by officers of the department to purchase hard armor plate vests, the Police Administration concurs with the request.

The soft body armor that officers are issued and they wear daily will stop handgun and shotgun rounds, however they will not stop rifle rounds. The hard armor plate vests will provide officers with protection from rifle rounds and increase officer's safety. The hard armor plate vests contain two armor plates one front and one rear, it weighs 16.4 pounds and would be carried in the patrol vehicle and worn in situations that it would be needed.

The department presently purchases it duty worn soft body armor from On Duty Gear, I contacted them to receive a quote for the hard armor plate vest, and the price is \$385.00 in checking other prices, I found On Duty Gear price to be in the same range as other vendors.

It is my recommendation that the purchase for 38 Armor Express Active Shooter RAPID Base Plate Carrier with Kangaroo Magazine Pouch be awarded to On Duty Gear LLC 2525 Lapeer Ave. P.O. Box 6111258 Port Huron, Michigan 48061 in the amount of \$16,200.00. With your concurrence, I respectfully request this item be placed on the City Council's agenda for the meeting scheduled on August 17, 2016 for purposes of a waiver of bid request and purchase approval. This purchase would be made utilizing State Forfeiture Funds, and falls within the guidelines that govern the use of these funds.

Sincerely,

Thomas A. Coombs
Director of Public Safety

cc: City Administrator, Finance Director, Chief Smith, Public Safety Commission (7), file

ON DUTY GEAR, L.L.C.

2525 Lapeer Ave.
 P.O. Box 611258
 Port Huron, MI 48061-1258

Quote

Date	Quote #
8/2/2016	1069

Name / Address
Southgate Police Dept. ATTN: Director Coombs 14710 Reaume Parkway Southgate, MI 48195

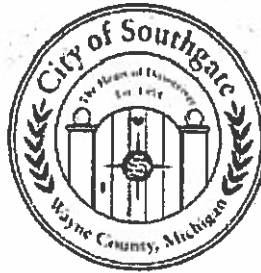
Terms	Rep	Project
Net 30	PSR	

Item	Description	Qty	Cost	Total
AE-ASK-KITBLK	Armor Express Active Shooter Kit (ASK)-includes RAPID Base Plate Carrier, (2) Level IV NIJ Certified Hard Armor Plates & Active Shooter Kit Carry Bag-Black	38	385.00	14,630.00
AE-ID Tags	Armor Express ID Tags-Front and Back "POLICE" in White Letters on Black Background (Set of 2)	38	20.00	760.00
AE-TPVKANGD...	Armor Express BASE Pouch-M16/M4 & Pistol Mag Kangaroo Pouch	38	20.00	760.00
Z	Subtotal			16,150.00
	Shipping & Handling/Insurance to 1 Destination	1	50.00	50.00
				QUOTE IS VALID UNTIL 9/30/16
Thank you for considering our bid. If there is anything else you need from us, please let us know.			Total	\$16,200.00

JOSEPH G. KUSPA
Mayor

JANICE M. FERENCZ
City Clerk

JAMES E. DALLOS
Treasurer



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PHILLIP J. RAUCH

CHRISTOPHER P. ROLLET

Memorandum

To: Honorable City Council Members

From: Laura Walsh

Date: August 9, 2016

Re: SMART Municipal and Community Credit Program Agreement

Enclosed please find documents for the City of Southgate Transportation Program and Funding programs available for the SMART program under the following title:

Municipal and Community Credits Program for FY 2017

Please review the attached resolution for your approval and authorization.

Thank you.

City of Southgate
County of Wayne, State of Michigan

RESOLUTION

No. _____

At a _____ meeting of the _____ called to order by
_____ on _____ at _____ P.M. the following

Resolution was offered:

Moved by _____ Supported by _____

RESOLVED, that Council hereby approves and authorizes that Laura Walsh, on behalf of the Parks and Recreation Director, submit application to the Suburban Mobility Authority for Regional Transportation (SMART), Buhl Building, 535 Griswold Street, Suite 600, Detroit, Michigan 48226; Further, that the application will provide continued funding of the Senior Citizen/Special Needs Transportation Program from the Municipal Credit Funds in the amount of \$29,564.00 and Community Credit Funds in the amount of \$39,285.00.

Yeas: _____ Absent: _____

Nays: _____ Motion: _____

I, Janice M. Ferencz, Clerk of Southgate, do hereby certify that the foregoing is a true, correct, and complete copy of a resolution passed by the Southgate _____ at a _____ meeting held

City Clerk

cc:

MUNICIPAL CREDIT and COMMUNITY CREDIT CONTRACT for FY - 2017

I, Laura Walsh, as the Admin. Assistant of the City of Southgate (hereinafter, the "Community") hereby apply to SMART and agree to the terms and conditions herein, for the receipt and expenditure of **Municipal Credits** (Section 1 below), and **Community Credits** (Section 2 below); and further agree that the **Municipal and Community Credits Master Agreement** between the parties is incorporated herein by reference. A description of the service the Community shall provide hereunder is set forth in Exhibit A, and the operating budget for that service is set forth in Exhibit B, both of which are attached hereto and incorporated herein.

1. The Community agrees to use **\$29,564** in **Municipal Credit** funds as follows:

- (a) Transfer to _____ Funding of: \$ _____
TRANSFeree COMMUNITY
- (b) Van/Bus Operations At the cost of: \$ 29,564.00
(Including Charter and Taxi services)
- (c) Services Purchased from SMART At the cost of: \$ _____
(Including Tickets, Shuttle Services/Dial-a-Ride)

Total \$29,564

SMART intends to provide Municipal Credit funds under this contract to the extent funds for the program are made available to it by the Michigan Legislature pursuant to Michigan Public Act 51 of 1951. Municipal Credit funds made available to SMART through legislative appropriation are based on projected revenue estimates. In the event that revenue actually received is insufficient to support the Legislature's appropriation, it will result in an equivalent reduction in funding provided to the Community pursuant to this Contract. In such event, SMART reserves the right, without notice, to reduce the payment of Municipal Credit funds by the amount of any reduction by the legislature to SMART. All funding must be spent by September 30, 2018; all funds not spent by that date will revert back to SMART pursuant to Michigan Public Act 51 of 1951, for expenditure consistent with Michigan law and SMART policy.

2. The Community agrees to use **\$39,285** in **Community Credit** funds available as follows:

- (a) Transfer to _____ Funding of: \$ _____
TRANSFeree COMMUNITY
- (b) Van/Bus Operations At the cost of: \$ 35,285.00
(Including Charter and Taxi services)
- (c) Services Purchased from SMART At the cost of: \$ 4,000.00
(Including Tickets, Shuttle Services/Dial-a-Ride)
- (d) Capital Purchases At the cost of: \$ _____

Total \$39,285

MUNICIPAL CREDIT and COMMUNITY CREDIT CONTRACT for FY - 2017

Capital purchases permitted with Community Credits are subject to applicable state and federal regulations, and SMART policy, including procurement guidelines. When advantageous, SMART may make procurements directly. Reimbursement for purchases made by Community requires submission of proper documentation to support the purchase (i.e. purchase orders, receiving reports, invoices, etc.). Community Credit dollars available in FY 2017, may be required to serve local employer transportation needs per the coordination requirements set forth in the aforementioned Master Agreement. All Community Credit funds must be spent by June 30, 2019 unless approval from SMART General Manager is obtained to extend Community Credits for an additional 2 years to allow accrual for major capital projects; any funds not spent by that date may revert back to SMART for expenditure consistent with SMART policy.

This agreement shall be binding once signed by both parties.

CITY OF SOUTHGATE

By: _____

Date _____

Its: _____

Suburban Mobility Authority for Regional Transportation

Date _____

By: _____

John C. Hertel
General Manager

MUNICIPAL CREDIT and COMMUNITY CREDIT CONTRACT for FY - 2017

Primary Contact Person Name: Laura Walsh
Office Telephone Number: 734-258-3022
Cell Phone Number:
Fax Number: 734-246-1414
Email Address: lwalsh@ci.southgate.mi.us
Street Address, City, Zip Code: 14400 Dix-Toledo Rd.
Southgate, Michigan 48195

Secondary Contact Person Name: Linda Kochanek
Office Telephone Number: 734-258-3066
Cell Phone Number:
Fax Number: 734-258-7794
Email Address: lkochanek@ci.southgate.mi.us
Street Address, City, Zip Code: 14700 Reaume Parkway
Southgate, Michigan 48195

*Other Name(s):

Office Telephone Number:
Cell Phone Number:
Fax Number:
Email Address:
Street Address, City, Zip Code:

**Please indicate the staff person who sends the weekly and quarterly reports*

EXHIBIT A
PROJECT DESCRIPTION

Overall Project Description (please provide a descriptive narrative):

Southgate operates a transportation service that is available to senior citizen and handicapped residents of the city. This transportation service operates Monday through Thursday, 8:30am to 4:00pm. In the last year, Southgate continues to expand the amount of service available within the time frames listed above. This has been accomplished by purchasing new buses and assigning additional drivers to the daily service. In the coming years it is estimated that an average of 400 hours of service will be conducted each month. This amount will allow flexibility in the scheduling of appointments for our clients.

Service Area (please provide geographic boundaries):

We pick up Southgate residents but will travel through the whole downriver area.

Service Times (please provide days and hours of service):

Monday through Thursday 8:00am to 4:00pm

Service Reservation number: 734-258-3066

Eligible User Groups (please set forth users eligible to use the service):

Transportation is available to senior citizens, age 55 and older, and handicapped individuals (a handicapped lift is available in all 3 vans). Persons 55 or older may utilize this service if they are on a disability retirement. A further restriction of the program is that the senior citizen or handicapped person cannot or does not drive.

Fare Structure:

Reservations scheduled with clients primarily include destinations to shopping, banking, the Senior Center, doctors and other health services. Trips for medical appointments, shopping, etc. in the City have a nominal charge of \$1 one-way per seven (7) additional miles of travel.

Service Mode: (List SMART Vehicle number, local owned vehicles and type of vehicles available, and whether they are wheelchair lift-equipped):

Two fourteen passenger vehicles and one Van. They all have lifts. 3 vehicles total.

MUNICIPAL CREDIT and COMMUNITY CREDIT CONTRACT for FY - 2017

EXHIBIT B

PROJECT OPERATING BUDGET

Municipality: City of Southgate

Contract Period: July 1, 2016 - June 30, 2017

Account No: 48131

OPERATING EXPENSES:

Administrative Fee (10% max. of MC & CC funds)	7604.00
Driver Wages	35,150.00
Fringe Benefits	300.00
Gasoline & Lubricants	10,013.00
Vehicle Insurance	3481.00
Parts, Maintenance Supplies	6000.00
Mechanic Wages	6000.00
Fringe Benefits	900.00
Dispatch Wages	2560.00
Other (Specify)	_____

Sub-Total (Operating Expenses)	72,049.00
---------------------------------------	------------------

PURCHASED SERVICE:

Taxi Service	_____
Charter Service	_____
SMART Bus Tickets	4000.00
SMART Shuttle Service	_____
SMART Dial-A-Ride	_____
Other (Specify)	_____

Sub-Total (Purchased Service)	4000.00
--------------------------------------	----------------

CAPITAL EQUIPMENT:

(Only list purchases to be made with Community Credits)

Computer Equipment	_____
Software	_____
Vehicle	_____
Maintenance Equipment	_____
Other (Specify)	_____

Sub-Total (Capital Equipment)	76,049.00
--------------------------------------	------------------

TOTAL EXPENSES

(Operating Expenses, Purchased Service,
and Capital Equipment):

**MUNICIPAL CREDIT and COMMUNITY CREDIT CONTRACT
for FY - 2017**

EXHIBIT B, continued (Page 2)

REVENUES:

Municipal Credit Funds	<u>29,564</u>
Community Credit Funds	<u>39,285</u>
Specialized Services Funds	<u> </u>
General Funds	<u> </u>
Farebox Revenue	<u> </u>
In-Kind Service	<u>7200.00</u>
Special Fares (Contracted Service)	<u> </u>
Other (Specify)	<u> </u>

TOTAL REVENUE:

76,049.00

(Note: TOTAL EXPENSES must equal TOTAL REVENUE)

SMART EEO COMPLIANCE REPORT A Form

COMMUNITY PARTNERSHIP FORM

Agency/Community Information

Program Type: Community Partnership Program (CPP) Specialized Service New Freedom JARC 5310

Name of Agency/Community: City of Southgate

Address: 14400 Dix-Toledo

City: Southgate State: MI

Zip: 48195

Agency/Community Data

1) Has your agency/community completed in excess of \$1,000,000 in DOT federally-funded contracts in the past year?

Yes No

2) Does your agency/community employ over fifty (50) transit related employees?

Yes No

If the answers to the previous two questions were both "Yes", Please forward your agency's/community's Affirmative Action plan to the address below:

Buhl Building
535 Griswold Street, Suite 600
Detroit, MI 48226
Attn: EEO Coordinator

Have all subcontractors been informed of their responsibility to file an EEO Compliance Report A form? Yes No N/A

Drug and Alcohol Testing Program Requirements

Does your agency/community have a DOT Drug and Alcohol testing program for safety sensitive employees? (Vehicle operators, dispatchers, mechanics and armed security)

Yes No

Name of your Drug and Alcohol testing program manager: John Zech

Phone Number: 734.258.3021

Email Address: JZech@ci.southgate.mi.us

Please Proceed to Employment Data Section on Backside

SMART EEO COMPLIANCE REPORT A Form

COMMUNITY PARTNERSHIP FORM

Employment Data

Report all Transit related permanent, temporary, or part-time employees including apprentices and on-the-job trainees. Enter the appropriate figures in the boxes below relating to an employee's race and gender.

Job Classification	Race																	
	Total				Non Minority		Minority											
					White		African American		Hispanic		Asian		Pacific Islander		American Indian		Multi Race	
	Employees	Male	Female	Minority	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Officials/Manager	1	1																
Professionals																		
Technicians																		
Sales Workers																		
Office and Clerical Staff	2		2															
Skilled Crafts																		
Operators	3	3																
Laborers																		
Service Workers																		
Journey Workers																		
Apprentices																		
Total	6																	

Certification

How was this information obtained? Visual Survey: Yes No Employment Records: Yes No

Name of authorizing official(Print): Laura Walsh Title: Admin. Assistant

Telephone: 734-258-3022 Ext: _____ Email: lwalsh@ci.southgok.mi.us

Signature: *Laura Walsh* Date: _____

Name of person completing report: same Title: _____

Telephone: _____ Ext: _____ Email: _____

JOSEPH G. KUSPA
Mayor

JANICE M. FERENCZ
City Clerk

JAMES E. DALLOS
Treasurer



City of Southgate
NORMA J. WURLINGER
MUNICIPAL BUILDING

- CITY COUNCIL -

JOHN GRAZIANI
Council President

KAREN E. GEORGE

MARK FARRAH

BILL COLOVOS

DALE W. ZAMECKI

PHILLIP J. RAUCH

CHRISTOPHER P. ROLLET

Memorandum

To: Honorable City Council Members

From: John J. Zech, City Administrator *JJZ*

Re: Setting a Public Hearing Date for September 7, 2016 to hear public comment on the Application filed by the Kroger Company of Michigan for a Commercial Rehabilitation Exemption Certificate for a property known as 16705 Fort Street, Southgate, MI.

Date: August 10, 2016

The Kroger Company of Michigan has submitted an application for a Commercial Rehabilitation Exemption Certificate for a property known as 16705 Fort Street, Southgate, MI. The property was formerly the Southgate Super Kmart and has been vacant since 2014. Earlier this year the City established a Commercial Rehabilitation District on this site.

As explained in its application of which a copy is attached, the Kroger Company of Michigan plans to redevelop the building and site into what will become the largest Kroger store in Michigan.

The Kroger Company of Michigan is requesting tax relief on the incremental taxes on the property based on its investment. As regulated by MI PA 210 of 2005, the City can grant tax relief for up to 10 years on the incremental taxes due to new investment in qualified Commercial Rehabilitation Districts.

As regulated by MI PA 210 of 2005, the Clerk of the City shall notify in writing the City Assessor, and the legislative body of each taxing unit that levies ad valorem property taxes in the qualified local governmental unit in which the qualified facility is located. Before acting upon the application, the City shall hold a public hearing on the application and give public notice to the applicant, the assessor, a representative of the affected taxing units, and the general public. In conjunction with the public hearing, the Administration will prepare a detailed analysis of Kroger's request. This analysis will be sent to you as part of the packet for your September 7, 2016 meeting. If you have any questions, please contact me.

The Administration therefore respectfully requests that a public hearing on the Kroger application be set for September 7, 2016.

STATE USE ONLY		
Application Number	Date Received	LUCI Code

Application for Commercial Rehabilitation Exemption Certificate

Issued under authority of Public Act 210 of 2005, as amended.

Read the instructions page before completing the form. This application should be filed after the commercial rehabilitation district is established. The applicant must complete Parts 1, 2 and 3 and file one original application form (with required attachments) and one additional copy with the clerk of the local governmental unit (LGU). Attach the legal description of property on a separate sheet. This project will not receive tax benefits until approved by the State Tax Commission (STC). Applications received after October 31 may not be acted upon in the current year. This application is subject to audit by the STC.


PART 1: OWNER / APPLICANT INFORMATION (applicant must complete all fields)			
Applicant (Company) Name (applicant must be the owner of the facility) The Kroger Co. of Michigan		NAICS or SIC Code 5411	
Facility's Street Address 16705 Fort Street	City Southgate	State MI	ZIP Code 48195
Name of City, Township or Village (taxing authority) City of Southgate	County Wayne County	School District Where Facility is Located Southgate School District	
<input checked="" type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village			
Date of Rehabilitation Commencement (mm/dd/yyyy) 11/15/2016 (estimated timing)	Planned Date of Rehabilitation Completion (mm/dd/yyyy) 07/31/2017 (estimated timing)		
Estimated Cost of Rehabilitation \$18,450,000	Number of Years Exemption Requested (1-10) 10		
Expected Project Outcomes (check all that apply)			
<input checked="" type="checkbox"/> Increase Commercial Activity	<input checked="" type="checkbox"/> Retain Employment	<input checked="" type="checkbox"/> Revitalize Urban Areas	
<input checked="" type="checkbox"/> Create Employment	<input checked="" type="checkbox"/> Prevent Loss of Employment	<input checked="" type="checkbox"/> Increase Number of Residents in Facility's Community	
No. of jobs to be created due to facility's rehabilitation 51	No. of jobs to be retained due to facility's rehabilitation 162	No. of construction jobs to be created during rehabilitation 90	

PART 2: APPLICATION DOCUMENTS	
Prepare and attach the following items:	
<input checked="" type="checkbox"/> General description of the facility (year built, original use, most recent use, number of stories, square footage)	<input checked="" type="checkbox"/> Statement of the economic advantages expected from the exemption
<input checked="" type="checkbox"/> Description of the qualified facility's proposed use	<input checked="" type="checkbox"/> Legal description
<input checked="" type="checkbox"/> Description of the general nature and extent of the rehabilitation to be undertaken	<input type="checkbox"/> Description of the "underserved area" (Qualified Retail Food Establishments only)
<input checked="" type="checkbox"/> Descriptive list of the fixed building equipment that will be a part of the qualified facility	<input type="checkbox"/> Commercial Rehabilitation Exemption Certificate for Qualified Retail Food Establishments (Form 4753) (Qualified Retail Food Establishments only)
<input checked="" type="checkbox"/> Time schedule for undertaking and completing the facility's rehabilitation	

PART 3: APPLICANT CERTIFICATION			
Name of Authorized Company Officer (no authorized agents) Todd A. Foley		Telephone Number (513) 762 - 1425	
Fax Number (513) 762 - 1118		E-mail Address Incentives.Credits@kroger.com	
Street Address 1014 Vine Street		City Cincinnati	State OH
		ZIP Code 45202	

I certify that, to the best of my knowledge, the information contained herein and in the attachments is truly descriptive of the property for which this application is being submitted. Further, I am familiar with the provisions of Public Act 210 of 2005, as amended, and to the best of my knowledge the company has complied or will be able to comply with all of the requirements thereof which are prerequisite to the approval of the application by the local governmental unit and the issuance of a Commercial Rehabilitation Exemption Certificate by the State Tax Commission.

I further certify that this rehabilitation program, when completed, will constitute a rehabilitated facility, as defined by Public Act 210 of 2005, as amended, and that the rehabilitation of this facility would not have been undertaken without my receipt of the exemption certificate.

Signature of Authorized Company Officer (no authorized agents) 	Title Vice President & Treasurer	Date 6-16-16
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PART 4: ASSESSOR RECOMMENDATIONS (assessor of LGU must complete Part 4)

Provide the Taxable Value and State Equalized Value of Commercial Property, as provided in Public Act 210 of 2005, as amended, for the tax year immediately preceding the effective date of the certificate (December 31 of the year approved by the STC).

	Taxable Value	State Equalized Value (SEV)
Land		
Building(s)		

The property to be covered by this exemption may not be included on any other specific tax roll while receiving the Commercial Rehabilitation Exemption. For example, property on the Eligible Tax Reverted Property (Land Bank) specific tax roll cannot be granted a Commercial Rehabilitation Exemption that would also put the same property on the Commercial Rehabilitation specific tax roll.

By checking this box I certify that, if approved, the property to be covered by this exemption will be on the Commercial Rehabilitation Exemption specific tax roll and not on any other specific tax roll.

Name of Local Government Body

Name of Assessor (first and last name)

Telephone Number

Fax Number

E-mail Address

I certify that, to the best of my knowledge, the information contained in Part 4 of this application is complete and accurate.

Assessor's Signature

Date

PART 5: LOCAL GOVERNMENT ACTION (clerk of LGU must complete Part 5)

Action Taken By LGU (attach a certified copy of the resolution):

Exemption approved for _____ years, ending December 30, _____ (not to exceed 10 years)

Exemption Denied

Date District Established (attach resolution for district)

Local Unit Classification Identification (LUCI) Code

School Code

PART 6: LOCAL GOVERNMENT CLERK CERTIFICATION (clerk of LGU must complete Part 6)

Clerk's Name (first and last)

Telephone Number

Fax Number

E-mail Address

Mailing Address

City

State

ZIP Code

LGU Contact Person for Additional Information

LGU Contact Person Telephone Number

Fax Number

I certify that, to the best of my knowledge, the information contained in this application and attachments is complete and accurate and hereby request the State Tax Commission issue a Commercial Rehabilitation Exemption Certificate, as provided by Public Act 210 of 2005, as amended.

Clerk's Signature

Date

The clerk must retain the original application at the local unit and mail one copy of the completed application with attachments to:

State Tax Commission
 P.O. Box 30471
 Lansing, MI 48909

EXHIBIT 1

General description of the facility

The approximately 177,000 sq. ft. vacant building is located at 16705 Fort St., Southgate, MI 48195 and was last co-owned by Kmart Corporation and Sears, Roebuck and Co. The building was constructed in 1998 and most recently utilized as a Super Kmart retail location. The previous Super Kmart closed in October of 2014, with all remaining fixtures being removed at that time. The building has been deteriorating due to non-occupancy in the intervening period. The foundation and frame show evidence of cracking that require investigation by a structural engineer. The roof is leaking in numerous places and is in generally poor condition, warranting complete replacement. Currently, the two-story structure is vacant and in need of extensive remodeling to meet the demands of a modern Kroger grocery store.

EXHIBIT 2

Description of qualified facility's proposed use

The Kroger Co. of Michigan ("Kroger") plans to completely rehabilitate the former Kmart retail location (described in Exhibit 1) into an approximately 137,000 sq. ft. Kroger Marketplace location. As currently planned, this would be the largest Kroger Marketplace in Michigan. The proposed Marketplace will provide enhanced food and consumer product choices to Southgate and the surrounding community. Store offerings are expected to include the following (subject to change):

- Apparel
- Bakery
- Beverage
- Books and Magazines
- Cosmetics
- Coffee Shop
- Dairy
- Deli/Cheese
- Floral
- Grab & Go area with outdoor seating
- Grocery
- Home Fashion
- Meat
- Natural Foods
- Outdoor Sales Area
- Pet Supplies and Products
- Pharmacy
- Produce
- Recycling
- Seafood
- School and Office Supplies
- Toys

The store will support ClickList, Kroger's online grocery ordering service that allows for curbside grocery pickup. Customers can shop online for over 40,000 items available in-store, including fresh meat and produce. Customers can pick up and pay for their items at the store, without leaving their vehicle, at a pre-chosen time that is convenient for them.

Kroger is considering future uses for approximately 37,700 sq. ft. of potential retail space not included in the Marketplace development. Kroger will also construct a fuel center as part of the proposed development.

EXHIBIT 3

Description of the general nature and extent of the rehabilitation to be undertaken

Kroger intends to rehabilitate the existing facility to transform a former Super Kmart into a modern Kroger Marketplace location. Generally, former Kmart locations are too short and column spacing is too narrow to accommodate a modern Kroger store. However, in this instance the building has higher ceilings and wider columns that will allow for a unique Kroger Marketplace store to occupy the space. Nevertheless, the building must be modified to accommodate Kroger's entry area and shopping cart requirements. The rehabilitation of the Marketplace space will include, but not be limited to, the following high level activities:

- Interior demolition
- Additional concrete in prep areas
- New vestibule and facade
- New roof
- Flooring upgrades
- Fire suppression system upgrades
- Plumbing upgrades
- Electrical/wiring upgrades
- New low voltage cabling
- New security system
- Extensive concrete repairs and curb upgrades
- New parking lot

Kroger will also construct a new fuel center on or adjacent to the subject parcel. The ultimate location of a potential fuel center is under consideration. Potential exterior upgrades to the non-Marketplace retail space will complement the exterior façade of the new Kroger Marketplace.

EXHIBIT 4

Descriptive list of the fixed building equipment that will be a part of the qualified facility

Proposed new fixed building equipment (and estimated costs) is expected to include, but is not limited to, the following:

1. Upgraded electrical and wiring (\$240,000)
2. HVAC upgrades (\$100,000)
3. Refrigeration units (\$190,000)
4. Water heater and water tanks (\$10,000)
5. Drinking fountains (\$5,000)
6. Bathroom fixtures and other plumbing fixtures (\$30,000)
7. Doors (\$25,000)
8. Fire and burglar alarm upgrades (\$45,000)

EXHIBIT 5

Time schedule for undertaking and completing the facility's rehabilitation

Kroger is currently conducting due diligence on the existing structure and intends to finalize construction plans for the building by July 2016. The Company intends to commence rehabilitation of the Marketplace portion of the facility in November 2016, with exterior modifications to the elevation completed by January 2017, and interior construction completed by July 2017. Opening of the Marketplace store to the public is currently anticipated in July 2017, shortly following the completion of interior construction.

EXHIBIT 6

Statement of economic advantages expected from the exemption

The Commercial Rehabilitation Act exemption would bring a larger, more attractive, and upgraded Kroger grocery facility to Southgate while completely rehabilitating an aging retail location that has been vacant in the community since October 2014. The Marketplace location will offer enhanced access to fresh food for local consumers as well as a robust shopping and customer service experience.

During the construction period, the project will create significant construction-related jobs and other indirect jobs. Upon opening, the Marketplace will create additional direct jobs and revenue in the form of local economic activity on a permanent basis. The exemption will also generate additional direct property taxes paid by Kroger and its employees living in the City, and indirect property taxes through activities related to the store's presence in Southgate. These jobs and additional sources of tax revenue will convey substantial economic advantages to the City of Southgate, as further described below:

Job Creation

The new Kroger Marketplace would create construction jobs during the rehabilitation phase and permanent new employment opportunities in the City at the conclusion of the rehabilitation process. For approximately six months during the rehabilitation phase, Kroger expects to create a number of temporary jobs for local construction workers. The rehabilitation of the existing facility alone is estimated to create approximately 90 construction jobs (both full and part-time) in Southgate, with 67 of those positions being directly related to the project construction and an additional 23 being related to local purchases of labor, materials, and other goods and services during construction. Following the completion of the construction phase, Kroger plans to employ approximately 213 workers at the new store, of which approximately 51 are new (incremental) employees to Southgate, and approximately 162 are jobs retained from the current Southgate Kroger store.

Kroger's planned new employment following the rehabilitation of the existing facility would result in an estimated \$16,600 of additional annual property taxes for the City of Southgate paid by approximately 14 new employees expected to be living within the City limits.

Capital Investment

The construction of the new Kroger Marketplace will generate an estimated \$5.3 million in additional direct and indirect labor income for the City. This additional labor income is expected to generate approximately \$44,000 in City property taxes, not including property taxes paid by Kroger on the land and the building.

Kroger would expect to pay an additional estimated \$25,000 per year in local school operating taxes generated by the project, but not abated by the Commercial Rehabilitation Act exemption. Further, Kroger employees, whether they live in Southgate or outside the City, spend money at local businesses, including retail stores, gas stations, and restaurants within the City limits. These additional expenditures, estimated at 10% of the anticipated \$4.1 million annual store payroll, would support an estimated \$220,000 of new labor income in the City. New property taxes associated with this increased labor income activity are estimated to be approximately \$6,500 annually.

EXHIBIT 7

Legal description of real property on which the facility is located including the parcel identification number

31F1A1B, K1A1A PT OF THE SW 1/4 SEC 31 T3S R11E DESC AS BEG S 89D 14M 40S E 538.73 FT; FROM THE SW COR OF SAID SEC 31; TH N 00D 45M 20S W 715.44 FT; TH N 59D 09M 30S E 745.16 FT; TH S 00D 45M 20S W 250.00 FT; TH S 89D 14M 40S E 178.00 FT; TH S 00D 45M 20S W 855.85 FT; TH N 89D 14M 40S W 812.66 FT; POB; 16.77 AC; EXC THE SOUTH 60 FT THEREOF; 15.65 AC

Parcel: 53 020 99 0004 710