

PRE-MEETING AGENDA

ADRIAN CITY COMMISSION
AGENDA
PRE-MEETING STUDY SESSION
JUNE 15, 2009
5:30 P.M.

The City Commission will meet for a pre-meeting study session on Monday, June 15, 2009 at 5:30 p.m. in the 2nd Floor Conference Room at City Hall to discuss the following:

- I. Tax Credit Issues for City Municipal Complex
- II. Budget Issues
- III. Other Items as Time Permits

COMMISSION AGENDA

**AGENDA
ADRIAN CITY COMMISSION
JUNE 15, 2009
7:00 P.M.**

- I. MOMENT OF SILENCE AND PLEDGE OF ALLEGIANCE TO THE FLAG
- II. ROLL CALL
- III. APPROVAL OF MINUTES OF THE JUNE 1, 2009 REGULAR MEETING OF THE ADRIAN CITY COMMISSION
- IV. PRESENTATION OF ACCOUNTS
- V. COMMUNICATIONS
 - 1. C-1. Grand Valley State University Financial Trend Monitoring Project
 - 2. C-2. Grand Valley State University – Financial Trends Monitoring System Report for FY2004-08
- VI. CONSENT AGENDA
 - A. RESOLUTIONS
 - 1. CR09-029. Resolution to award the annual bid for PVC pipe.
 - 2. CR09-030. Resolution to award the annual bid for Flake Calcium Chloride.
 - 3. CR09-031. Resolution to recognize the Hope Community Center as a non-profit agency for the purpose of obtaining a charitable gaming license.
 - 4. CR09-032. Resolution to award the annual bid for rock salt.
 - 5. CR09-033. Resolution to award the annual bid for cold patch.
 - 6. CR09-034. Resolution to award the annual bid for street castings.
 - 7. CR09-035. Resolution to award the annual bid for pavement patching.
 - 8. CR09-036. Resolution to award the annual bid for ductile iron pipe and fittings.
 - 9. CR09-037. Resolution to award the annual bid for limestone.

10. CR09-038. Resolution to award bid for janitorial services for Piotter Center, Adrian Public Library and the new City Hall.

V I I. PUBLIC COMMENTS

V I I I. REGULAR AGENDA

A. RESOLUTIONS

1. R09-101. Resolution to approve revised fines and fees for the Adrian Public Library.
2. R09-102. Resolution to approve an agreement with MDOT for continued provisions of Dial-A-Ride, that monies from the grant be given to Adrian Dial-A-Ride and that the Mayor and City Clerk be authorized to execute said agreement.
3. R09-103. Resolution authorizing the acceptance of a CDBG Grant to assist landlords with the creation and/or rehabilitation of rental units in downtown Adrian and approval of the resulting budget amendments.
4. R09-104. Resolution to approve an amended liquor license for JR's Hometown Grill, LLC at 1368 Division Street.
5. R09-105. Resolution to award the bid for the demolition of 230 N. Main Street.
6. R09-106. Resolution to award the annual bid for treatment chemicals for the Water and Wastewater Plants.
7. R09-107. Resolution to retain Associated Engineers for design engineering for a portion of the downtown brick arch sewer lining project and that the bid process be waived.
8. R09-108. Resolution authorizing the appropriation of \$3,800 from the Swigert Endowment Trust Account for the purpose of resurfacing the shuffleboard at Piotter Center and the resulting budget amendments.

I X. MISCELLANEOUS

1. D.A.R.T. Passenger Ridership Report
2. Departmental Report
3. Fire Department Report

X. PUBLIC COMMENTS

X I. COMMISSION COMMENTS

MINUTES

**MINUTES
ADRIAN CITY COMMISSION
JUNE 1, 2009
7:00 P.M.**

Official proceedings of the June 1, 2009 regular meeting of the City Commission, Adrian, Michigan.

The regular meeting was opened with a moment of silence and the Pledge of Allegiance to the Flag.

PRESENT: Mayor McDowell, Commissioners Osborne, Valentine, Miller, Steele, Clegg and DuMars

Mayor McDowell in the Chair.

Commissioner DuMars moved to approve the minutes of the May 18, 2009 regular meeting of the Adrian City Commission, seconded by Commissioner Miller, motion carried by a unanimous vote.

PRESENTATION OF ACCOUNTS

Utility Department Receiving Fund Voucher #3045 through #3053	\$ 112,073.52
General Fund Vouchers #19252 through #19288	\$ 473,201.98
Clearing Account Vouchers amounting to	<u>\$ 466,098.40</u>
TOTAL EXPENDITURES	<u>\$1,051,373.90</u>

On motion by Commissioner Steele, seconded by Commissioner DuMars, this resolution was adopted by a unanimous vote.

COMMUNICATION

1. C-1. Governmental Accounting Standards Board Statement – Fund Balance Reporting & Governmental Fund Type Definitions. Jeff Pardee, Finance Director, explained the new way of reporting fund balances.

CONSENT AGENDA

RESOLUTIONS

RESOLUTION R09-024

RE: PLANNING COMMISSION – Reappointments to Planning Commission

WHEREAS, the terms of office of Chad Johnson, Marilyn Schebil and Melvin Dye on the Planning Commission have expired, which has created vacancies; and

WHEREAS, these vacancies must be filled in accordance with the Adrian City Charter;
and

WHEREAS, Mr. Johnson, Ms. Schebil and Mr. Dye have expressed a willingness to serve another term on the Planning Commission if reappointed; and

WHEREAS, the Adrian City Commission has given careful consideration to the reappointment of the aforementioned individuals.

NOW, THEREFORE, BE IT RESOLVED that the Adrian City Commission does hereby approve the reappointment of Chad Johnson, Marilyn Schebil and Melvin Dye to the Adrian Planning Commission for three year terms that will expire in 2012.

RESOLUTION R09-025

RE: Zoning Board of Appeals (ZBA) – Reappointments to ZBA

WHEREAS, the terms of office of Mike Berthold and Mike McGrath on the Zoning Board of Appeals has expired, which has created vacancies; and

WHEREAS, these vacancies must be filled in accordance with the Adrian City Charter;
and

WHEREAS, Mr. Berthold and Mr. McGrath have expressed a willingness to serve another term on the Zoning Board of Appeals if reappointed; and

WHEREAS, the Adrian City Commission has given careful consideration to the reappointment of the aforementioned individuals.

NOW, THEREFORE, BE IT RESOLVED that the Adrian City Commission does hereby approve the reappointment of Mike Berthold as a full member and Mike McGrath as an alternate on the Zoning Board of Appeals for three year terms that will expire in 2013.

RESOLUTION CR09-026

RE: ANNUAL BID FOR READY-MIX CONCRETE

WHEREAS, sealed bids were received May 21, 2009 for the annual ready-mix concrete requirements; and

WHEREAS, said bids have been tabulated and recommendations made by the Asst. Finance Director and City Administrator; and

WHEREAS, said bids have been considered by the Adrian City Commission.

NOW, THEREFORE, BE IT RESOLVED that the annual ready-mix concrete bid be awarded to Doan Companies of Adrian, MI for the items and amounts as listed in the bid tabulation and under the terms and conditions as specified and as proposed in their sealed bid dated May 21, 2009.

RESOLUTION CR09-027

RE: ANNUAL BID FOR EQUIPMENT RENTAL

WHEREAS, sealed bids were received May 21, 2009 for the annual equipment rental requirements; and

WHEREAS, said bids have been tabulated and recommendations made by the Asst. Finance Director and City Administrator; and

WHEREAS, said bids have been considered by the Adrian City Commission.

NOW, THEREFORE, BE IT RESOLVED that the annual bid for equipment rental be awarded to Slusarski Excavating of Adrian, MI for the items and amounts as listed in their bid tabulation and under the terms and conditions as specified and as proposed in their sealed bid dated May 21, 2009.

RESOLUTION CR09-028

RE: PLANNING COMMISSION – Appointment to Planning Commission

WHEREAS, the resignation of Mitch Blonde from the Planning Commission has created a vacancy; and

WHEREAS, this vacancy must be filled in accordance with the Adrian City Charter; and

WHEREAS, the Planning Commission Chairman, Mike Jacobitz, and Mayor McDowell have recommended the appointment of Ken Tokarz, 110 S. Locust St., to fill this vacancy; and

WHEREAS, Ken Tokarz, has agreed to serve on the Planning Commission if appointed; and

WHEREAS, the Adrian City Commission has given careful consideration to the appointment of Mr. Tokarz.

NOW, THEREFORE, BE IT RESOLVED that the Adrian City Commission does hereby approve the appointment of Ken Tokarz to the Adrian Planning Commission to fill the unexpired term that ends in 2012.

On motion by Commissioner DuMars, seconded by Commissioner Osborne, Consent Resolutions CR09-024 through CR09-028 were adopted by a unanimous vote.

PUBLIC COMMENTS

None

REGULAR AGENDA

ORDINANCES

1. Ord. 09-07. Second reading and adoption of an Ordinance to consider rezoning 1377 S. Main St. from the B-4 Shopping Center District and

including the same in the B-2 Community Business District. Eff. Date: 6-16-2009

On motion by Commissioner Steele, seconded by Commissioner DuMars, this Ordinance was adopted by a unanimous vote.

RESOLUTION R09-094

RE: DEPARTMENT OF PUBLIC WORKS – Solid Waste Refuse Collection Contract Rate Adjustments for Fuel Costs

WHEREAS, Allied Waste Systems, Inc., the City of Adrian’s contractor for solid waste refuse collection, is currently in the sixth year of a seven-year contract, expiring December 31, 2010; and

WHEREAS, the Adrian City Commission, by resolution R09-015 dated January 20, 2009, approved the current rate structure for refuse collection, including a fuel recovery fee predicated on the market price of fuel reported by the Energy Information Administration; and

WHEREAS, the price of fuel has continued to decrease over the past three months. According to the Energy Information Administration, the average price has dropped to \$2.17 per gallon over that time frame, resulting in a proposed reduction in the fuel recovery fee to 1.33% from the current 2.91%; and

WHEREAS, at this time, I am recommending the fuel surcharge be reduced from 2.91% to 1.33%, reflecting the average price reduction from \$2.96/gallon to \$2.17/gallon, effective June 1, 2009. The total cost savings is presented as follows:

	<u>Current</u>	<u>Proposed</u>	<u>Savings</u>
Refuse Collection Base Charge/Unit	\$ 8.01	\$ 8.01	
Number of Residential Units	<u>5,814</u>	<u>5,814</u>	
Monthly Cost for Refuse Collection	\$46,570	\$46,570	
Fuel Recovery Fee – Rate	2.91%	1.33%	1.58%
Charge/Unit	\$.23	\$.11	\$.12
Number of Residential Units	<u>5,814</u>	<u>5,814</u>	<u>5,814</u>
Monthly Cost for Fuel Surcharge	\$ 1,337	\$ 640	\$ 697
Annual Cost (Incl. Surcharge)	\$574,884	\$566,620	\$8,364

WHEREAS, the City Engineer and City Administrator recommend that a rate adjustment for fuel costs incurred by Allied Waste Systems, Inc. be reduced from 2.91% to 1.33% on a month-to-month basis (decreasing the unit price from \$8.24 to \$8.12, including \$.11 for fuel recovery fee) with the following provisions:

- 1) The subject rate adjustment shall not become a part of the base cost upon which future CPA rate adjustments would apply but, rather, considered an additional benefit granted at the pleasure of the City of Adrian; and
- 2) The subject rate adjustment will be at the full discretion of the City of Adrian and can be reduced or withdrawn at any time should circumstances change,

such as a decrease of fuel prices in the marketplace, a deterioration in the City's financial position requiring imposition of general budget strictures, or dissatisfaction with collection services.

NOW, THEREFORE, BE IT RESOLVED that the Adrian City Commission, by this resolution, hereby authorizes a rate adjustment for fuel costs incurred by Allied Waste Systems, Inc. from 2.91% to 1.33% on a month-to-month basis (decreasing the unit price from \$8.24 to \$8.12, including \$.11 for fuel recovery fee) with the following provisions:

- 1) The subject rate adjustment shall not become a part of the base cost upon which future CPA rate adjustments would apply but, rather, considered an additional benefit granted at the pleasure of the City of Adrian; and
- 2) The subject rate adjustment will be at the full discretion of the City of Adrian and can be reduced or withdrawn at any time should circumstances change, such as a decrease of fuel prices in the marketplace, a deterioration in the City's financial position requiring imposition of general budget strictures, or dissatisfaction with collection services.

On motion by Commissioner DuMars, seconded by Commissioner Osborne, this resolution was adopted by a unanimous vote.

RESOLUTION R09-095

RE: UTILITIES DEPARTMENT – Realtor Services for Marketing 1802 Hamilton Highway

WHEREAS, the Adrian City Commission, on December 15, 2003, authorized an Amended Purchase Agreement between the City of Adrian (buyer) and Norman E. Williams and Brenda J. Williams (sellers) to acquire real property, consisting of one house, 36 acres and out-buildings, commonly known as 1802 Hamilton Highway; and

WHEREAS, the agreed upon purchase price of the subject property was \$500,000, with \$125,000 paid in December 2003, in consideration of obtaining easements necessary for access and construction of well-head facilities for the City's groundwater project, and the balance due, plus an annual adjustment for inflation, when and if the option to sell is exercised by the sellers within five (5) years of the original Amended Purchase Agreement (December 15, 2008); and

WHEREAS the Adrian City Commission, by Resolution #R08-151 dated November 3, 2008, authorized final execution of the previously agreed upon Amended Purchase Agreement (dated December 15, 2003) to acquire real property commonly known as 1802 Hamilton Highway for a total remaining balance of \$455,686.09; and

WHEREAS, with intentions of selling the house, out-buildings and 20.5 acres, the City Purchasing Office solicited bids for Realtor Services to market the property, receiving a single bid from Goedert Real Estate, Inc., Adrian, MI, on Thursday, May 21, 2009; and

WHEREAS, the proposal, which includes insertion into the local Multiple Listing Service (MLS), as well as MLS for Monroe, Toledo, Ann Arbor and the world-wide web, reflects a commission of 0.5% if ultimately sold directly by a Goedert Real Estate Agent and an additional 3.5% if sold off the MLS by another realtor; and

WHEREAS, if the property sold for the proposed listing price of \$249,900, the cost range of the aforementioned realtor services would be between \$1,249.50 and \$8,746.50; and

WHEREAS, the Finance Director indicates that there are sufficient funds available for this purpose from the proceeds of the sale of the property; and

WHEREAS, the Utilities Director and City Administrator recommend approval of this resolution for selection of the sole bidder and engagement of Goedert Real Estate, Inc., Adrian, MI for the purpose of marketing the City-owned property located at 1802 Hamilton Highway.

NOW, THEREFORE, BE IT RESOLVED that the Adrian City Commission, by this resolution, hereby authorizes engagement of Goedert Real Estate, Inc., Adrian, MI in an agreement for the purpose of marketing the City-owned property located at 1802 Hamilton Highway, which reflects a commission of 0.5% if ultimately sold directly by a Goedert Real Estate Agent and an additional 3.5% if sold off the MLS by another realtor.

On motion by Commissioner Valentine, seconded by Commissioner DuMars, this resolution was adopted by a unanimous vote.

RESOLUTION R09-096

DEPARTMENT OF FINANCE – Authorization to Engage Delinquent Personal Property Tax Collection Service

WHEREAS, the City of Adrian's primary revenue source to sustain public services is derived from real and personal property taxes; and

WHEREAS, delinquent real property taxes are transmitted to the County Treasurer for collection each March in return for 100% payment from the County's Delinquent Property Tax Revolving Fund; and

WHEREAS, delinquent personal property taxes remain the City's responsibility to collect; current outstanding delinquencies amount to \$750,717 dating back to 1996; and

WHEREAS, due to staffing constraints, collection efforts consist primarily of periodic written notices to the taxpayers informing them of the amount of their delinquency and responsibility under the law to meet their obligation; and

WHEREAS, following the example of the City of Ann Arbor, which was successful in collecting \$400,000 of its \$1.6 million outstanding Personal Property Delinquencies, a proposal has been solicited from Robert Keyes, Attorney and Counselor, Ann Arbor, MI to perform collection services for the City of Adrian; and

WHEREAS, the proposal covers the period June 15, 2009 through June 30, 2010 and includes a commission of 22.5% of the collected amounts, with an advance draw of \$2,000 per month for the first two (2) months; and

WHEREAS, the Finance Director and City Administrator recommend adoption of this resolution and waiver of the competitive bid process in the best interests of the City, due to the unique nature of the services rendered.

NOW, THEREFORE, BE IT RESOLVED that the Adrian City Commission, by this resolution, authorizes the engagement of Robert Keyes, Attorney and Counselor, Ann Arbor, MI to perform delinquent personal property collection services for the City of Adrian for the period June 15, 2009 through June 30, 2010 and includes a commission of 22.5% of the collected amounts, with an advance draw of \$2,000 per month for the first two (2) months.

BE IT, FURTHER, RESOLVED that, in the best interests of the City, the competitive bid process be waived, in accordance with the City's Purchasing Policy as specified in Chapter 12 of the City Charter and Section 2-304 of the Codified City Ordinances.

On motion by Commissioner DuMars, seconded by Commissioner Steele, this resolution was adopted by a unanimous vote.

RESOLUTION R09-097

RE: DEPARTMENT OF PARKS & RECREATION – Riverside Park Baseball Backstop Installation – Change Order No. One

WHEREAS, the City Commission, by Resolution #08-066 dated May 5, 2008, adopted the FY2008-09 Budget and General Appropriations Act, which included Capital Project Funding for Baseball Maintenance/Improvements; and

WHEREAS, in May, 2009, the DeWitt Fence Company, Lansing, MI was engaged to install a new backstop on the baseball field at Riverside Park at a cost of \$4,110; and

WHEREAS, during installation, electrical lines were discovered that requires reconfiguration of the backstop that costs an additional \$2,645, for a total project cost of \$6,755, which is still below the \$9,000 budgeted for the project; and

WHEREAS, the Finance Director indicates that sufficient funds are available in the FY2008-09 Parks & Recreation Operating Budget (101-691.00-975.000 for this purpose; and

WHEREAS, the Parks & Recreation Director and City Administrator recommend approval of this resolution authorizing payment of the additional \$2,645 to DeWitt Fence Company, Lansing, MI.

NOW, THEREFORE, BE IT RESOLVED that the Adrian City Commission by this resolution hereby authorizes Change Order No. 1 for modification of the Riverside Park Backstop Installation Project and payment of an additional \$2,645 to DeWitt Fence Company, Lansing, MI.

On motion by Commissioner Steele, seconded by Commissioner DuMars, this resolution was adopted by a unanimous vote.

RESOLUTION R09-098

RE: DEPARTMENT OF PARKS & RECREATION – Plotter Center Kitchen Renovation Design

WHEREAS, the Lenawee County Department on Aging has identified the need for additional walk-in freezer space at the Plotter Center kitchen as a top priority in order to continue their meal program; and

WHEREAS, the Parks & Recreation Director has solicited a proposal from Todd Dailey of Dailey Engineering, Adrian, MI to prepare the design engineering, cost estimates and construction documents for the kitchen project at a total estimated cost not to exceed \$9,500; and

WHEREAS, the cost is estimated because the work will be performed in two Phases: Phase I includes the design sketches and project cost estimates for \$1,500, and Phase II includes the final construction documents for an estimated \$8,000; and

WHEREAS, the Finance Director indicates that sufficient funds are available from the Thelma Swigert Endowment for the Senior Citizens Trust; and

WHEREAS, the Parks & Recreation Director and City Administrator recommend approval of this resolution authorizing engagement of Todd Dailey of Dailey Engineering, Adrian, MI and waiver of the competitive bid process due to the working knowledge and familiarity of the engineer with this particular facility and project.

NOW, THEREFORE, BE IT RESOLVED that the Adrian City Commission by this resolution hereby authorizes engagement of Todd Dailey of Daily Engineering, Adrian, MI to perform engineering services preparatory to commencement of the Piotter Center Kitchen Project for Senior Citizens.

BE IT, FURTHER, RESOLVED that, in the best interests of the City, the competitive bid process be waived, in accordance with the City's Purchasing Policy as specified in Chapter 12 of the City Charter and Section 2-304 of the Codified City Ordinances.

BE IT, FURTHER, RESOLVED that \$9,500 be appropriated from the Thelma Swigert Endowment for the Senior Citizens Trust and that the FY2008-09 Budget be amended as follows:

General Fund (101)

Revenue:

(101-691.00-675.000)

Private Donations

\$9,500

Expenditures:

(101-691.00-801.000)

Contract Services

9,500

Total

\$ -0-

On motion by Commissioner DuMars, seconded by Commissioner Miller, this resolution was adopted by a unanimous vote.

RESOLUTION R09-099

RE: CITY ADMINISTRATOR – FY2009-10 Revised Budget Recommendation

WHEREAS, the City Commission, by Resolution #R09-081 dated May 4, 2009, adopted the FY2009-10 Budget and General Appropriations Act, balancing Estimated Revenues and Appropriations for the General Fund and all funds at \$19,812,299 and \$38,618,238, respectively; and

WHEREAS, on the very next day, May 5, 2009, Governor Jennifer Granholm issued Executive Order 2009-22 reducing the total State budget by \$349,337,200, including \$41,400,000 of State Revenue Sharing to local units of government; and

WHEREAS, the adverse impact on the City of Adrian General Fund, as estimated by the Finance Director, amounts to \$209,643 for the period May, 2009 through June, 2010; and

WHEREAS, three pertinent paragraphs of the General Appropriations Act apply in situations like this:

§24) Whenever it appears to the Chief Administrative Officer (CAO) that actual and probable revenues in any fund will be less than the estimated revenues upon which appropriations from such funds are based, the CAO shall present to the City Commission recommendations which, if adopted, will prevent expenditures from exceeding available resources for the current fiscal year.

§11) The City Commission may revise, alter or substitute for the proposed general appropriations measure in any way, except that it may not change it in a way that would cause total appropriations, including an accrued deficit, to exceed total estimated revenues, including an unappropriated surplus.

§19) No obligation shall be incurred against, and no payment shall be made from, any appropriations account unless there is sufficient unencumbered balance in the appropriation and sufficient funds are or will be available to meet the obligation; and

WHEREAS, in response to the foregoing requirements, the City Administrator has formulated the following recommendations to revise the FY2009-10 Budget to balance appropriations with anticipated revenues:

First, revise the City's Health Care Plan for Non-Represented Employees (effective July 1, 2009), reducing the annual employer cost from \$611,811 to \$545,443, resulting in a citywide net savings of \$66,368 (\$39,920 in the General Fund) due to the following changes:

- Increase Office Visit Co-Pay from \$10 to \$30;
- Increase Chiropractic Office Visit Co-Pay for \$0 to \$30;
- Increase Emergency Room Visit Co-Pay from \$25 to \$50;
- Remove routine mammography services from deductible portion of contract, thereby providing full coverage (100%), with no co-pay;
- Increase \$10 Generic/\$40 Brand Name Co-Pay for Mail Order and Retail 90-day Prescriptions from one to two times; and

Second, institute a high-deductible Health Reimbursement Arrangement (HRA) for Non-Represented Employees (effective January 1, 2010), increasing the Current In-Network Deductible (One-Person/Family) of \$250 to New Plan In-Network Deductible Community Blue Plan 12-A One-Person \$1,000 and Family \$2,000, reducing the annual premium from \$836,408 to \$710,752, resulting in a citywide gross savings of \$125,656, which is significantly offset by the City's obligation to reimburse employees for the increased deductibles (\$102,310) and Administrative Expenses (\$4,772) associated with the new program, leaving a net annual savings of \$18,574, assuming 100% utilization. At 60% utilization the annual savings for Non-Represented Employees would amount to \$59,498; half the annual savings on a citywide basis – assuming a January start date – amounts to \$29,749 (General Fund Savings - \$17,894); and

Third, incorporate the following miscellaneous budget adjustments to make up the balance of the estimated reductions in State Revenue Sharing:

- Eliminate publication of the Maple City Focus, using the City's upgraded website to provide public communication (General Fund Savings - \$26,000);
- Eliminate DPW Building – Siding & Window Replacement, in favor of painting current brick fascia (General Fund Savings - \$100,000);
- Transfer \$10,000 of the Malone Library Trust to the Library Book Budget, rather than reduce the Library Book Budget (General Fund Savings - \$10,000);
- Initiate aggressive collection of outstanding Delinquent Personal Property Taxes (General Fund Revenue \$40,000); and

WHEREAS, implementation of the foregoing recommendations would result in an estimated favorable impact on the City General Fund amounting to \$233,814, more than offsetting the projected loss of State Revenue Sharing Funds and increasing the Contingency Account by \$24,171.

NOW, THEREFORE, BE IT RESOLVED that the Adrian City Commission, by this resolution, adopts the foregoing recommended action plan and budget adjustments (see attached schedule) to the FY2009-10 Budget and General Appropriations Act in order to address the imbalanced condition resulting from the Governor's Executive Order reducing State Revenue Sharing.

On motion by Commissioner DuMars, seconded by Commissioner Osborne, this resolution was adopted by a unanimous vote.

RESOLUTION R09-100

RE: DOWNTOWN DEVELOPMENT AUTHORITY (DDA) – Reappointments to DDA Board

WHEREAS, the terms of office of Mike Kapnick, Bruce Webb and Dr. Jeff Docking on the Downtown Development Authority have expired, which has created vacancies; and

WHEREAS, these vacancies must be filled in accordance with the Adrian City Charter; and

WHEREAS, Mssrs. Kapnick, Webb and Docking have expressed a willingness to serve another term on the DDA if reappointed; and

WHEREAS, the Adrian City Commission has given careful consideration to the appointment of the aforementioned individuals.

NOW, THEREFORE, BE IT RESOLVED that the Adrian City Commission does hereby approve the reappointment of Mike Kapnick, Bruce Webb and Dr. Jeff Docking to the Downtown Development Authority for four-year terms that will expire in 2013.

On motion by Commissioner Osborne, seconded by Commissioner DuMars, this resolution was adopted by a unanimous vote.

MISCELLANEOUS

1. Planning Commission Minutes – Special Meeting

PUBLIC COMMENTS

1. Doug Baumgartner, owner of McDonald's at M-52 and US-223, thanked the Commission and City staff for all of their help in the completion of the new McDonald's.
2. Allen Kern, 1249 Vine St., asked if the grass would be reseeded on the boulevard by his home; last year's didn't grow. Also wondered when the large tree at Vine and College Park would be taken down, as well as the status on several buildings, including the old Jefferson School.
3. Dan Wright, employee and local president of the TPOAM Union, objected to the employee insurance changes and felt it unfair that balancing the budget should be placed on the backs of the employees. Mr. Wright gave the Commission some suggestions on what they could do, including closing down the library.
4. Milo Warren, 810 Michigan Ave., stated that he would hate to see the library close, as it is a great benefit to school children. He also felt that the Unions and the City need to come together to work out problems and come to a mutually agreeable solution.

COMMISSION COMMENTS

1. Mike Clegg wanted to thank all those that were appointed or reappointed to City boards or commissions for their willingness and dedication.
2. Administrator Nelson read a letter from Mitchell Welding regarding a bid on the City Municipal Complex and considerable discussion ensued between the Commission on the Local Preference Policy.

Commissioner Steele moved to go into closed session to discuss union negotiations and a real estate sale, seconded by Commissioner Osborne, motion carried by a unanimous vote.

The next regular meeting of the Adrian City Commission will be held on Monday, June 15, 2009 in the Commission Chambers on the 2nd floor of Adrian City Hall, 100 E. Church St., Adrian, MI 49221.

Gary E. McDowell
Mayor

Pat Baker
City Clerk

C H E C K
R E G I S T E R

June 15, 2009

I have examined the attached vouchers and recommend approval of them for payment.



Dane C. Nelson
City Administrator

DCN:bjw

RESOLVED, that disbursements be and they are hereby authorized for warrants directed to be drawn on the City Treasurer for the following:

Utility Department Vouchers	
Vouchers #3054 through #3065.....	\$ 136,670.75
General Fund	
Vouchers #19289 through #19312	\$ 303,755.38
Clearing Account Vouchers	
amounting to.....	<u>\$ 514,542.48</u>
TOTAL EXPENDITURES	<u>\$ 954,968.61</u>

On motion by Commissioner _____, seconded by
Commissioner _____, this resolution was
_____ by a _____ vote.

June 15, 2009

UTILITY DEPARTMENT VOUCHERS

<u>Check Number</u>	<u>To</u>	<u>Description</u>	<u>Amount</u>
<u>Receiving</u>			
3054	City of Adrian: Payroll	Payroll for May 29	\$ 50,780.97
3055	City of Adrian	Replace Ck #2636	
3056	City of Adrian: Clearing Acct	June 1 Check Register	\$ 97,069.91
3057	State of Michigan	Transfer to escheats	
3058	City of Adrian: Payroll	Payroll for June 5	\$ 17,446.08
3059	Consumers Energy	Water Plant Electric	\$ 8,015.01
3060	Verizon North	Wastewater Phone	\$ 37.95
3061	City of Adrian: General	June Office Rent	\$ 650.00
3062	Lenawee Fuels Inc	Diesel Fuel Water Plant	\$ 620.43
3063	City of Adrian: General Fund	May Billings	\$ 52,984.81
3064	Verizon North	O&M Phone	\$ 110.16
3065	City of Adrian: IT Dept	May Services	\$ 6,025.34
		Total	\$ 233,740.66
		Less: CK# 3056	\$ 97,069.91
		TOTAL	\$ 136,670.75

WW = \$ 135,408.14
WAT = \$ 98,332.52

June 15, 09

GENERAL FUND
CHECK REGISTER

CHECK#	AMOUNT	PAYEE	DESCRIPTION
19289	\$ 221,455.77	City of Adrian: Payroll	Payroll for May 29
19290	\$ 15,461.69	First Federal Bank	Soc Security for May 29
19291	\$ 301.28	Verizon North	Various Phone Bills
19292	\$ 20,724.10	Avery Oil & Propane	DPW Diesel & No lead Gas
19293		City of Adrian: Local St	Transfer State MI Funds
19294	\$ 350,176.84	City of Adrian: Clearing Acct	June 1 Check Register
19295		John Jackson	Replacement Check
19297		State of Michigan	Transfer Escheats
19298	\$ 4,601.22	Quick Service Transportation	Payroll W/E May 30
19296		City of Adrian	Check replacement
19299	\$ 80.00	Len County Health Dept	Inspection Fee for Library
19300	\$ 4,747.44	Citizens Gas Fuel Co	Various Heat Bills
19301	\$ 13,272.54	City of Adrian: Payroll	Payroll for June 5
19302	\$ 2,656.13	First Federal Bank	Soc Security for June 5
19303	\$ 6,508.88	Consumers Energy	Various Electric Bills
19304	\$ 936.51	Verizon North	Various Phone Bills
19305	\$ 130.00	Guadalupe Galnares	Recreation Refund
19306	\$ 42.25	Maria Russell	Recreation Refund
19307	\$ 12.86	City of Adrian: Utilities	Water Bill
19308	\$ 7,914.45	City of Adrian: Utilities	Workers Comp Refund
19309	\$ 103.18	Verizon North	Various Phone Bills
19310		Eryn Eff	Replacement Check
19311	\$ 654.90	Lenawee Fuels Inc	Cemetery Gasoline
19312	\$ 4,152.18	Quick Service Transportation	Payroll W/E June 6

\$	653,932.22	
\$	(350,176.84)	Less: CK# 19294
\$	303,755.38	

CLAIMANT	AMOUNT CLAIMED	AMOUNT ALLOWED	AMOUNT REJECTED
1. ADRIAN DODGE CHRYSLER PLYMOU	125.65		
2. ADRIAN FABRICARE CENTER INC.	690.00		
3. ADRIAN LANDFILL	120.97		
4. ADRIAN MECHANICAL SERVICES C	637.35		
5. ADRIAN WATER CONDITIONING IN	19.50		
6. AIRGAS GREAT LAKES	97.20		
7. ALL METALS INC.	177.02		
8. ALLIED WASTE SERVICES	50,234.14		
9. ALLIED WASTE SERVICES #259	8,032.71		
10. AMERICAN RED CROSS	40.00		
11. MARK ANDERSON	23.50		
12. APPLIED BUSINESS SOFTWARE	399.60		
13. APPLIED INDUSTRIAL TECHNOLOG	245.53		
14. ASSOCIATED ENGINEERS	2,200.00		
15. AUTO ZONE COMMERCIAL	44.15		
16. BADER & SONS CO	40.90		
17. BAKER & TAYLOR BOOKS	184.35		
18. BARRETT'S GARDEN CENTER	56.93		
19. BATTERY WHOLESALE	4.36		
20. KRISTIN BAUER	20.00		
21. BELL EQUIPMENT CO	963.52		
22. BELSON ASPHALT PAVING INC	1,900.00		
23. BRUCE & JOAN BENEDICT TRUST	10,000.00		
24. BILL'S SERVICE, INC.	30.69		
25. MARK BISHOP	62.50		
26. ROBERT BISHOP	229.48		
27. BLACK SWAMP EQUIPMENT	478.74		
28. BRAKES-N-MORE	773.21		
29. TODD BROWN	20.00		
30. BUCK & KNOBBY EQUIP CO INC	410.69		
31. CARUS PHOSPHATES INC.	4,665.60		
32. CDW-G COMPUTER SUPPLIES	83.00		
33. CELUCH CREATIVE IMAGING	4,800.00		
34. CLARKE MOSQUITO CONTROL	5,455.60		
35. COAST TO COAST DELI	71.07		
36. COIN-OP SPECIALISTS INC.	464.52		
37. COLLECTIVE DATA	4,545.50		
38. COMCAST	2.10		
39. COMFORT ENTERPRISES INC.	408.12		
40. COMPUTER CARE COMPANY, INC.	59.95		
41. CUSTOM TRUCK REPAIR, L.L.C.	2,304.38		
42. CUTLER DICKERSON CO	343.64		
43. D&P COMMUNICATIONS, INC.	1,591.00		
44. THE DAILY TELEGRAM	1,259.88		
45. DAN'S FARM SUPPLY INC	253.49		
46. BILL DANFORTH	375.00		
47. DETROIT ELEVATOR COMPANY	950.00		
48. DOAN CONSTRUCTION CO	140.00		
49. DOWNUNDER MUNICIPAL SERVICES	24,046.77		
50. JAMES DUNCAN	37.50		
51. NICK DUSHANE	62.50		
52. E & B SALVAGE LLC	7.50		
53. STEVE EBERLE	20.00		
54. ENGLEWOOD ELECTRICAL SUPPLY	430.08		
55. FASTENAL COMPANY	123.56		
56. FIRST FEDERAL BANK	32,113.06		
57. JESSICA FISCHER	145.00		
58. FISHER SCIENTIFIC COMPANY LL	1,393.90		
59. FLORIDA MICRO LLC	179.22		
60. FYR-FYTER SALES & SERVICE	321.60		
61. GALE	122.72		
62. GALLANT & SON	70.95		
63. J.O. GALLOUP COMPANY	340.52		
64. GENTNER MATERIALS	679.24		
65. GENTNER TRUCKING CO	933.94		
66. MARK GIGAX	20.00		
67. GORDON FOOD SERVICE	2,179.53		
68. W W GRAINGER	183.58		
69. DENISE GRITZMAKER	20.00		
70. HADDEN TIRE COMPANY	330.00		
71. WALTER HELSEL	65.00		
72. SHANE HORN	20.00		
73. HUBBARDS AUTO CENTER	1,441.46		
74. HUNTINGTON NATIONAL BANK	2,431.01		
75. HURON LIME INC.	2,964.59		

CLAIMANT	AMOUNT CLAIMED	AMOUNT ALLOWED	AMOUNT REJECTED
76. I C M A VANTAGE POINT	6,112.93		
77. I.T. RIGHT	7,193.00		
78. ICMA RETIREMENT CORPORATION	217.51		
79. IDEARC MEDIA CORP.	24.25		
80. IMAGE GALLERY	858.75		
81. INDUSTRIAL MILL SUPPLY CORP	4,830.70		
82. INGRAM LIBRARY SERVICES	11.97		
83. JACKSON AUTOMATIC SPRINKLER	12,806.75		
84. CITY OF JACKSON	959.90		
85. JACKSON TRUCK SERVICE INC.	795.91		
86. MICHAEL JACOBITZ	110.00		
87. JAMES DELIVERY SERVICE	190.00		
88. JONES FISH HATCHERIES, INC	417.00		
89. K & B ASPHALT SEALCOATING, I	5,875.00		
90. KELLER THOMA, P.C.	1,337.01		
91. ROBERT KEYES	2,000.00		
92. KIMBALL MIDWEST	443.54		
93. KONICA MINOLTA- ALBIN	480.69		
94. KRIEGHOFF-LENAWEE COMPANY	8,591.00		
95. BRENT KUBALEK	91.18		
96. KUHLMAN CORP.	77.88		
97. LANSING SANITARY SUPPLY INC	634.31		
98. LEGACY PRINTING	3,844.98		
99. LENAWEЕ COUNTY EQUALIZATION	3,500.00		
100. LENAWEЕ COUNTY REGISTER OF D	59.00		
101. LENAWEЕ INTERMEDIATE SCHOOL	733.13		
102. LENAWEЕ TIRE & SUPPLY CO	438.25		
103. LEXIS NEXIS RM INC	150.00		
104. GARY LINDSAY	36.53		
105. LLOYD'S REPAIR SERVICE	265.35		
106. LOWE'S CREDIT SERVICES	1,976.50		
107. E.T. MACKENZIE CO	8,234.00		
108. MANPOWER OF LANSING MI INC.	979.20		
109. MASUNE FIRST AID & SAFETY	48.50		
110. GARY MCDOWELL	20.00		
111. MCGOWAN ELECTRIC SUPPLY INC	85.50		
112. MCMASTER- CARR SUPPLY CO.	68.20		
113. METROPOLITAN UNIFORM CO	346.43		
114. JACK METTERNICK	23.50		
115. TODD MEYERS	25.00		
116. MICHIGAN AMATEUR SOFTBALL	2,035.00		
117. MICHIGAN AMMO CO INC	784.00		
118. MICHIGAN BUILDING SPECIALTIE	18,282.60		
119. MICHIGAN MUNICIPAL WORKER'S	53,976.00		
120. MICHIGAN PIPE & VALVE INC	401.60		
121. MICHIGAN POLICE TRAINING	795.00		
122. MICHIGAN RURAL WATER ASSOC	460.00		
123. STATE OF MICHIGAN	1,372.83		
124. MICHIGAN TBA DISTRIBUTORS IN	47.10		
125. MIDWEST TAPE	192.92		
126. MUGS N' MORE IMAGING	65.25		
127. MUNICIPAL EMPLOYEES' RETIRE	91,722.60		
128. MUNICIPAL SUPPLY CO	4,979.01		
129. NATIONAL ASSOC. OF CHIEFS OF	50.00		
130. NATIONAL GEOGRAPHIC	15.90		
131. NORON INC	1,395.00		
132. NORTHWEST POOLS, INC.	415.57		
133. OMNIGRAPHICS INC.	161.78		
134. MIKE OSBORN	20.00		
135. PARAGON LABORATORIES INC	280.00		
136. LYNN PEAVEY CO	161.95		
137. PEERLESS SUPPLY INC	732.02		
138. PET'S SUPPLIES PLUS	52.98		
139. MIKE PIRKLE	93.00		
140. PITNEY BOWES INC	298.00		
141. GLENN PRESTON	20.00		
142. PRINTING SYSTEMS INC	297.20		
143. PRO-RIDER INC.	348.75		
144. PUTT INC	4,640.00		
145. PVS TECHNOLOGIES INC	6,062.02		
146. QUALIFIED ABATEMENT SERVICES	4,300.00		
147. QUALITY OVERHEAD DOOR	2,260.20		
148. QUICK SERVICE TRANSPORTATION	4,901.71		
149. QUILL CORPORATION	775.39		
150. R.S. TECHNICAL SERVICES INC	1,244.99		

CLAIMANT	AMOUNT CLAIMED	AMOUNT ALLOWED	AMOUNT REJECTED
151. RECORDED BOOKS LLC.	99.00		
152. RED PAINT PRINTING LLC	334.00		
153. RIO SUPPLY MICHIGAN METER, I	8,610.06		
154. TIM RITCHIE	30.00		
155. JIM RIVERA	225.00		
156. ROE, FURMAN	57.90		
157. SAND CREEK LITTLE LEAGUE	300.00		
158. SCIENTIFIC METHODS INC	380.00		
159. SEARS COMMERCIAL ONE	1,274.89		
160. SHERWIN-WILLIAMS CO	507.70		
161. SIRCHIE FINGER PRINT LABORAT	124.42		
162. SLUSARSKI EXCAVATING & PAVIN	645.00		
163. ZACK SOLMONSON	35.00		
164. SPRATT'S TRADING POST, INC.	136.08		
165. STAPLES	59.97		
166. STEVENSON LUMBER, INC.	60.49		
167. JEFFREY A. STICKNEY, DO,PC	41.00		
168. SUPER LAUNDROMAT &	122.90		
169. WALTER SZCZECZOWSKI	35.00		
170. THOMSON WEST	382.52		
171. PAUL TRINKA	20.00		
172. THE TRUCK SHOP INC	100.00		
173. TTB CLEANING LLC	125.00		
174. ULOTH FARMS & GREENHOUSE	4,270.50		
175. UNITED PARCEL SERVICE	83.62		
176. UNIVERSITY OF MICHIGAN- DEAR	75.00		
177. URS CORPORATION	20,142.34		
178. VAN BRUNT TRANSPORT INC	16,795.41		
179. VERMONT SYSTEMS INC.	1,380.00		
180. WARREN HOLDING CO LLC	1,300.00		
181. WATERWORKS SYSTEMS INC	1,403.00		
182. PAULA WEST	74.19		
183. NICK ZAURACKI	60.00		
TOTAL ALL CLAIMS	514,542.48		

COMMUNICATIONS



MEMO

Date: May 21, 2009

To: Dane C. Nelson, City Administrator
Hon. Gary McDowell, Mayor
City Commission

From: Jeffrey C. Pardee, Finance Director

A handwritten signature in cursive script, appearing to read 'Jeffrey C. Pardee'.

Re: Grand Valley State University Financial Trend Monitoring Project

As indicated in my communication of October 24, 2008, the City of Adrian was selected as one of six sites for the 2009 Grand Valley State University (GVSU) Financial Trend Monitoring Project. The cities of Adrian, Grand Haven, Kentwood, Royal Oak, Sterling Heights and Walker were selected by GVSU for purposes of assigning a team of three interns to each site for purposes of performing a Financial Trend Analysis and prepare and present a report based on a model developed by the International City/County Management Association (ICMA) and used by a number of local governments across the country. The purpose of the report is to take a comprehensive look at financial and other trends to see if the City's financial condition is sound and heading in the right direction.

The ICMA model is meant to examine four types of fiscal condition:

- **Cash Solvency** – the ability to pay the bills over the next 30 or 60 days;
- **Budgetary Solvency** – the ability to cover expenditures with revenues and other resources over the normal budget period;
- **Long-Run Solvency** – the ability to meet expenditures as they come due in the future, including such things as pension costs and other post-employment benefits;
- **Service Level Solvency** – the ability to provide services at the level and quality that are required for the health, safety and welfare of the community and its residents.

The Financial Trend Monitoring System is based on eleven environmental, organizational and financial “factors” representing the primary forces that influence financial condition. The eleven factors include: Revenues, Expenditures, Operating Position (Fund Balances and Cash Balances), Debt Structure (short- and long-term), Unfunded Liabilities (pension obligations), Condition of Capital Plant, Community Needs and Resources, Intergovernmental Constraints, Disaster Risk, Political Culture and External Economic Conditions. Associated with these factors are 42 “indicators” that measure different aspects of nine of the eleven factors, excluding political culture and external economic conditions.

The GVSU Financial Trend Monitoring Project was conducted during the Winter Term of the 2008-09 school year and the report presentation is attached. The students assigned to this project by GVSU School of Public and Non-Profit Administration were Brian Flanagan, Dayna Porter and Chris Stallworth. A summary of findings is provided below with a detailed response prepared by the City of Adrian Finance Department following that.

Report Summary

We set out to analyze the City of Adrian’s financial condition. Upon the evaluation of 11 indicators, we find the city’s condition is mixed. More specifically, revenues appear stable, but expenditures are outpacing revenue growth and are unsustainable. To stabilize these financial indicators, the City must identify additional sources of revenue to offset the growth in expenditures. It is not recommended that additional revenue be obtained through debt financing. In addition, the City of Adrian’s net assets are decreasing and are substantially below the net assets of five comparison cities of similar size. Coupled with declining fund balances and growing operating deficits, the current overall financial position of the City of Adrian is unstable. The City’s financial future yields mixed results. Although Adrian’s ability to pay its bills in the near term (liquidity) remains strong, its ability has dropped rapidly over the past five years. More importantly, if the liquidity continues to decline, the City may put in a position in which cash flows are insufficient to meet current liabilities. Finally, the City’s solvency is threatened by increasing debt and decreasing assets, equity, and population. While this financial trend report yields mixed results, the City of Adrian is not alone in its struggles. The current federal and state recession is clearly having a direct impact on local governments – including the City of Adrian and its neighbors.

General Response

Management of the City’s finances is a dynamic and challenging process. A perfect example is the City Commission’s recent action to adopt the City Administrator’s Recommended (balanced) Budget for FY2009-10 followed the very next day by the Governor’s Executive Order to cut Revenue Sharing \$41 million statewide and \$210,000 for the City of Adrian. The Administration has formulated recommended actions to economize without jeopardizing City services to residents or taxpayers; which was on the June 1 agenda for City Commission consideration.

The GVSU study covers the five-year period beginning 2004 through 2008. The results of each of the eleven (11) indicators will be provided, as well as the Finance Department's response.

REVENUE AND EXPENDITURE INDICATORS

Indicator #1 – Revenues Per Capita reflects Mixed Results. After eliminating the impact of a one-time private donation in the amount of \$460,000 from the Swigert Estate, the study concludes that *revenues per capita appear stable to slightly decreasing. Concurrently, population is decreasing. Revenues per capita are decreasing at a rate slower than the decrease in population. This trend is favorable. However, as seen in future analysis, expenditures per capita exceed revenues per capita, and this trend is not sustainable.*

Response to Indicator #1 – Revenues Per Capita:

Declining Revenues Per Capita is and will continue to be the sentinel financial issue facing the City of Adrian in the short- and intermediate-term, i.e., the next half-decade at least. In addition to the previously mentioned cuts in State Revenue Sharing, the current economic turmoil is having an adverse impact on local property values, the City's primary source of revenue. The FY2009-10 Budget reflects an acceleration in this adverse trend, with property tax revenue projected to be \$150,000 less than the previous year. The full impact of the economic downturn will result in even greater reduction in revenues during the course of the next two years, due to the sales study methodology required by the General Property Tax Act of 1893. Because Assessed Values and Taxable Values are constrained by Proposal A – The Revised School Finance Act approved by the electorate in 1994, and the Tax Rate is constrained by the Headlee Constitutional Tax Limitation Amendment approved by the electorate in 1976, the City will take years to recover even though the economy may bounce back more quickly.

Therefore, the City concludes that the trend analysis is even worse than indicated by the GVSU report. The appropriate course of action is to either economize to remain within available resources, which likely will lead to reduced City services, or develop alternative sources of revenue, or some combination of both.

Indicator #2 – Intergovernmental Revenues reflects Stability. Adrian's overall reliance on intergovernmental revenue has remained relatively constant since 2004, with a nearly 5% reduction in intergovernmental revenues seen in 2008. The study concludes: *The relative stability and recent decrease in reliance on intergovernmental revenues is favorable. Consistent with financial policy, the trend indicates that the City of Adrian is becoming more dependent on its own-source revenues to support operations. Therefore, the City is impacted less by decreases in revenue sharing from state and federal sources. While the trend is stable, the City of Adrian should try to find additional sources of own-source revenues to bring the percentage of intergovernmental revenues more in line with cities of similar size.*

Response to Indicator #2 – Intergovernmental Revenues:

The five (5%) percent reduction is a harbinger of things to come. With the State's budget crisis and its ability to share the pain, the governor's Executive Order cut another 3.2% for 2009 and an additional 5.8% cut is anticipated for 2010. It would not be outside the realm of possibility that Statutory Revenue Sharing might be eliminated altogether. It should be noted that the City's Strategic Action Plan prioritizes own-source revenues growth through assessment of appropriate fees and charges, and further growing revenues through funding from friends and foundations. Consistent with these objectives, the Finance Director respectfully recommends that a study be commissioned to review all existing and potential own-source revenues with recommendations for enhancement.

Indicator #3 – Expenditures Per Capita indicates Instability. - Since 2004, real expenditures per capita have been on the rise in Adrian. While the increase in per capita spending may be related in part to the 1.8% reduction in population between 2004 to 2008, the average increase in spending of 2.4% outpaces population loss. The study concludes that, *although the 2008 "City of Adrian Comprehensive Annual Financial Report" shows planned increases in expenditures related to the development of the Vibrant City Grant Fund, road improvements, establishment of the Fire Department Motor Vehicle Fund, Adrian Public Library renovation, and appropriations for pension benefits, overall the trend is unstable. While 2008 saw the largest per capita expenditures increase, expenditures had been on a slight decline. The City should examine whether additional services are being provided, or if the same level of service is costing more to provide. If the same level of service is costing more to provide, revenues must be increased or services must be reduced to reverse the trend.*

Response to Indicator #3 – Expenditures Per Capita:

This category is the most susceptible to administrative financial management. Indeed, the most formidable approach to controlling expenditures is to aggressively manage recurring costs, particularly personnel costs, i.e., salaries and fringe benefits, which represent over two-thirds of all City expenses. The past two budget years the City has been extremely frugal in this area, having reduced the authorized staffing level from 230 to 213 full- and part-time positions, a total reduction of 17 positions. In addition, the administration has closely examined the fringe benefit package for all City employees and is prepared to make recommendations for achieving economies in health care, which is provided by Blue Cross/Blue Shield and currently costs in excess of \$1.5 million annually, and pension benefits, which are provided by the Municipal Employees Retirement System with an employers contribution approximating \$900,000.

Indicator #4 – Expenditures by Function reflects Mixed Results - Since 2004, general government and public safety expenditures have decreased while culture and recreation expenditures have increased. The study concludes that *increasing expenses in one function represents instability, but in Adrian, three functions are on the rise. Sources of additional revenues (such as increased fees) should be considered to offset the increased spending in Culture and Recreation and Other Services.*

Response to Indicator #4 – Expenditures by function:

This is a classic case of where the raw numbers do not portray the whole story. The City of Adrian is blessed to have a multi-million dollar endowment from the Harriet Kimball Fee Estate that provides resources to develop and maintain beauty in public places of which the Parks Department is the primary beneficiary. In addition, the Parks Department aggressively pursues grant opportunities, both public and private, including Congestion Mitigation & Air Quality Grants (CMAQ) from the Michigan Department of Transportation, as well as the Stubnitz Foundation and Kiwanis International. Therefore, consistent with the City’s stated mission and values, several projects have been undertaken during the study period, including Burr Ponds, Kiwanis Trail Expansion, Island Park Bridge Replacement, and the new Parks & Forestry Maintenance Facility. A new CMAQ grant has just been announced that will enable the construction of a \$340,000 pedestrian bridge connecting the Kiwanis Trail with Riverside Park. The areas of decreasing expenditures, such as, general government, public safety and public works, reflect the administrations effort to economize, particularly personnel downsizing as previously mentioned.

CURRENT FINANCIAL POSITION INDICATORS

Indicator #5 – Net Assets reflect Mixed Results. Over the past five years, the real dollar value (dollars adjusted for inflation) for the City of Adrian’s net assets has declined by \$8 million or 12.0%. Net assets for governmental activities, consistently accounting for about half of the total, have declined by 10.0%. The study concludes that *the city’s net assets have not kept up with inflation or increasing liabilities. Liabilities have nearly doubled in the last five years under the weight of a recent economic downturn, a declining manufacturing base, rising unemployment, and resulting tax revenue losses. The value of Adrian’s net assets must outpace liabilities and inflation if the city is going to sustain or improve its financial position.*

Response to Indicator #5 – Net Assets:

In nominal terms, Net Assets for Governmental and Business-Type Activities have grown from \$68,324,700 in 2004 to \$68,423,960 in 2008. Total Assets have grown from \$86,107,101 in 2004 to \$99,146,427, however Liabilities have also grown from \$17,782,401 to \$30,722,467, respectively. The main reason for this increase is related to

an aggressive upgrading of both the Water and Wastewater Plants, as well as implementation of a new ground water resource to supplement the City's primary water source, Lake Adrian. The financing was provided by multiple Revenue Bond issues through the Michigan Department of Treasury (low interest) Revolving Loan Fund Programs for Sewers and Drinking Water. Five separate bonds, beginning in 2002 and concluding in 2007, were issued; detailed in the following summary:

<u>Description</u>	<u>Date of Issue</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
Wastewater System	09/26/02	\$ 8,920,000	2.500%	10/01/23
Water Supply System	09/26/02	5,665,000	2.500 %	10/01/23
Wastewater System	09/22/05	2,040,000	1.625%	04/01/27
Wastewater System	12/15/05	7,090,000	1.625%	04/01/27
Water Supply System	09/27/07	7,890,000	2.125%	04/01/29
Total Utility System Debt Issued		<u>\$31,605,000</u>		

The outstanding balance, as of June 30, 2008, amounts to \$25,765,000. Debt service has been maintained exclusively through Water and Sewer User Fees.

Indicator #6 – Operating Deficit or Surplus reflects an Unstable Condition.

Between 2004 and 2006, the city's total governmental funds were in deficit by as much as \$1.25 million and as little as \$38 thousand. The larger figure is nearly 10.0% of total revenue. In 2007, there was a modest 2.0% increase in expenditures compared to a 16.0% increase in revenues that resulted, in part, from a large, one-time, charitable gift (Swigert Estate). This led to a one-year surplus of over \$1.5 million, and subsequently increased the 2007 fund balance. However, this increase did not continue in 2008--revenues decreased by 8.0% while expenditures increased 15.0%. The result was a deficit in fiscal year 2008 that is nearly 12% of general revenue, and a fourth deficit in five years. The study concludes that *These data and figures show that the City of Adrian meets all four criteria that would serve as warning signs to credit raters, and so the indicator cannot be rated above unstable. Potential solutions to improve the imbalance include increasing tax revenues, finding new revenue sources, or stemming the growth in expenditures.* (Emphasis added).

Response to Indicator #6 –Operating Deficit or Surplus:

The focus of the foregoing analysis is on Governmental Funds, which include not only the General Fund, but the Major and Local Street Funds as well. The Major and Local Street Funds are subject to wide year-to-year variations in Operating Deficit or Surplus, depending upon when revenue is recorded and construction projects are scheduled. For example, State grant funds for major reconstruction of Beecher Street and Maple Avenue were received in one fiscal year and spent over the next two fiscal years, reflecting a surplus in the first year and deficits in the subsequent two years. Similar disparities attach to the accumulation of Fee Estate Investment Earnings over several years before expenditure on major projects such as Burr Ponds. Precisely for this reason, the Fee Estate has been moved into a fund of its own.

Specifically with regard to the General Fund, the period 2004 through 2008 can be charted as follows:

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Resources	\$10,874,850	\$10,819,757	\$11,494,996	\$12,104,922	\$13,101,346
Expenditures	<u>11,106,311</u>	<u>11,494,482</u>	<u>12,013,198</u>	<u>12,025,570</u>	<u>13,356,950</u>
Surplus/ (Shortfall)	\$ <u>(231,461)</u>	\$ <u>(674,725)</u>	\$ <u>(518,202)</u>	\$ <u>79,352</u>	\$ <u>(255,604)</u>
Percent of Resources	(2.1)%	(6.2)%	(4.5)%	0.7%	(2.0)%

An integral part of the City's Comprehensive Annual Financial Report is Management's Discussion and Analysis, which provides a detailed explanation for each of the foregoing Surplus/(Shortfall). An excerpt is provided for each year:

FY2003-04 - Although revenue decreased by \$1.1 million (Federal and State revenue down \$883,110; Interest earnings down \$116,239), expenditures decreased a like amount, primarily capital expenditures for Community Development and Parks & Recreation. Therefore the net decrease is mainly attributable to General Fund operating subsidies to the Dial-A-Ride (\$121,552 and the Automobile Parking System (\$47,575). *Post-script: Corrective action has been taken such that the annual subsidy to the Auto Parking Fund has been reduced to \$6,000 and the subsidy to Dial-A-Ride has been reduced to under \$100,000 in FY2008-09.*

FY2004-05 - The decrease in the General Fund is mainly attributable to operating subsidies to the Dial-A-Ride (\$136,695) and the Automobile Parking System (\$123,151). Also, the following draw downs on Fund Balance were authorized by the City Commission during the year:

DPW Street Sweeper	\$113,000
GIS Strategic Plan Implementation	87,233
Maumee Streetscape Project	65,263
POLARIS Integrated Library System	53,914
IT Fund Capital Equipment	31,750
GIS Positioning System	23,160
Railroad Property Acquisition	20,000
Pearl Street Property Appraisal	19,900
Document Management System	19,740
Temp Svcs – New Financial System	13,192
Sewer Backup Claims Adjustment	<u>10,000</u>
Total	<u>\$457,152</u>

Post-script: Many of the foregoing expenditures were authorized for the express purpose of streamlining current operations, such as the Geographic Information System (GIS), the Document Management System, the POLARIS Integrated Library System, and the IT Fund Capital Equipment. These expenditures have already provided a return-on-investment and will continue to do so for many years.

FY2005-06 - The decrease in the General Fund is mainly attributable to defeasance of debt on the Witt Property (\$558,568). *Post-script: The interest rate on this outstanding installment-purchase contract amounted to 5.75%.*

FY2006-07 - The General Fund experienced an increase even though the City Commission, during the course of FY2006-07, approved several draw downs on Fund Balance totaling \$1,589,506, including those listed below. Several have not been fully expended and those that have were more than covered by current revenues.

<u>Description</u>	<u>Authorized</u>	<u>Expended</u>	<u>Balance</u>
Burr Ponds	\$ 819,536	\$470,633	\$348,903
Encumbrances & Carry-forwards	314,294	210,139	104,155
Replace Engine Pumper #1	254,582	137,967	116,615
New Telephone System	120,789	117,369	3,420
Purchase 250 W. Church Street	32,775	0	32,775
Library Façade Expenses	30,000	25,380	4,620
Demo Heritage Park Farm House	9,350	9,350	0
Demo 451 W. Maumee	6,200	5,700	500
Demo 310 Riverside Drive	1,980	1,980	0
Total	<u>\$1,589,506</u>	<u>\$978,518</u>	<u>\$610,988</u>

Most of the balance will be included as Encumbrances and Carry-forwards in the FY2007-08 Budget and will be included in the new-year's financial performance.

FY2007-08 - The unfavorability for the General Fund is primarily due to the following anticipated transactions:

- Establishment of the Fire Department Motor Vehicle Fund and transfer of funds equivalent to the accumulated depreciation of existing Fire Department rolling stock \$ (400,583)
- Appropriation of funds for Adrian Public Library Renovation (231,533)
- Appropriation of funds for MERS Window for Pension Benefits (204,999)
- Total Anticipated Draws on Fund Balance \$ (837,115)

Other Significant Operating Variances, both favorable and unfavorable, combined to partially offset the foregoing anticipated draws on Fund Balance:

- Reduced personnel costs due to downward reclassification of City Clerk, City Engineer, Utilities Director and City Assessor, in addition to deletion of Parks & Forestry Foreman, Recreation Manager, and Police Department clerical position, as well as replacement of Manpower contract position with Part-Time Non-Eligible position in the Assessing Office \$ 304,744
- Church Street Parking Lot – Delay Renovation 160,458
- General Fund-Motor Vehicle Rental Charges to Other Funds 175,664
- Blue Cross/Blue Shield Health Benefit – 50% Reimbursement of Reserve Based on favorable

Experience Factor	87,741
- Fire Dept. Motor Vehicle Rent withheld in lieu of Working Capital Transfer	99,921
- Delinquent Personal Property Taxes associated with ailing economy	(128,993)
- Increased Employer Retirement Contributions associated with improved Pension for T-POAM and Non-Represented Employees (B-2 to B-3 Plan)	<u>(127,000)</u>
Total Significant Operating Variances	<u>\$ 572,535</u>
Net Unfavorability Explained	<u>\$ (264,580)</u>

Post-script: The bottom-line to all of the foregoing detailed explanations is that, although the appearance of a structural imbalance leading to an unstable financial condition would be a normal conclusion based on the numbers, the fact is that the City prudently manages its finances. Specifically, when opportunities to achieve a long-term financial savings, such as defeasing high-interest debt or pre-paying long-term pension liabilities with planned draw-downs on fund balance, City management and policy-makers conscientiously take the long-term view.

Furthermore, it should be noted that the \$400,583 transfer from the General Fund to establish the Fire Department Motor Vehicle Pool in FY2007-08, as well as a similar transfer in FY2006-07 amounting to \$123,834 to establish the Information Technology Fund, were based on accumulated depreciation and were used as working capital to launch two new Internal Service Funds that provide a rational mechanism for future equipment replacement. Both of these funds are subsidiary to the General Fund and reflect Net Assets on June 30, 2008 as follows: IT Fund \$580,151 and Fire Department Motor Vehicle Pool \$339,231.

Indicator #7 – Fund Balance reflects an Unstable Condition - The city’s total governmental fund balance, has decreased in three of the last four years, resulting in a 17.0% decline over the span. In its financial report, the city highlights several causes for the falling fund balance, including investments in City Hall, Adrian Public Library, and a fire engine, as well as depreciation, debt servicing, and pension benefits. The five-year, \$3.2 million reduction, in real dollars, is also partially attributable to the city’s recent trend of operating deficits. The study concludes that *this indicator yields a rating of unstable for Adrian because the unreserved fund balance has fallen as a percentage of net operating revenue from 45.4% to 32.7% since 2004.*

Response to Indicator #7 – Fund Balance:

Once again, the focus of the foregoing analysis is on Governmental Funds, which include not only the General Fund, but the Major and Local Street Funds as well. The Major and Local Street Funds, as indicated earlier, are subject to wide year-to-year variations in Operating Deficit or Surplus, depending upon when revenue is recorded and construction projects are scheduled. Therefore a recap of General Fund – Fund Balance (including

subsidiary Internal Service Funds) is provided as follows for the period 2004 through 2008:

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General Fund	\$7,237,093	\$6,562,368	\$6,044,166	\$6,123,518	\$5,867,914
IT Fund				445,416	580,151
Motor Pool					339,231
Total	<u>\$7,237,093</u>	<u>\$6,562,368</u>	<u>\$6,044,166</u>	<u>\$6,568,934</u>	<u>\$6,787,296</u>
Percentage of Revenue	66.5%	60.7%	52.6%	54.3%	51.8%

The fund balance is an indicator of the government’s ability to weather future financial storms, and it affects the city’s ability to save for future capital investments. Although too large a fund balance is seen by the bond-rating industry as a red flag, declining unreserved fund balances in relation to net operating revenue can be a warning sign for future financial conditions. The City’s policy with regard to Fund Balance is provided as follows:

To maintain the City of Adrian’s credit rating and meet seasonal cash flow shortfalls, the budget shall provide for an anticipated unreserved fund balance at least fifteen (15%) percent to twenty (20%) percent of annual budgeted operating expenditures for the general government and enterprise fund types. The fund balance shall be exclusive of all reserves not anticipated to be readily available for use in emergencies and contingencies. The adequacy of the fund balance shall be evaluated annually to consider minimum cash requirements prior to receipt of current year property tax collections.

Therefore, after closer analysis and based on the City’s stated policy of maintaining a minimum Fund Balance between balance at least fifteen (15%) percent to twenty (20%) percent of annual budgeted operating expenditures, a prudent person could conclude that the City’s Fund Balance is not unstable but, rather, more than adequate (51.8%) to meet “emergencies and contingencies.” In fact, it is primarily because of the current condition of Fund Balance that the City is able to underwrite the initial costs of its own local economic stimulus program, i.e., the development of the new downtown City Government Complex, including a renovated Bank Building to be used as a new City Hall, a new Police Department Facility, and renovations of the Adrian Public Library and the former Adult Education Building (Post Office before that) for Commissioner Chambers and Public Meeting Rooms.

FINANCIAL FUTURE INDICATORS

Indicator #8 – Ability to Pay reflects Mixed Results. The City of Adrian has had high liquidity ratios over the last five years, but it is experiencing a downward trend. In 2004, the current ratio was greater than eight to one, meaning that less than one-eighth of the city’s liquid assets were required to cover short-term liabilities. In 2008, the ratio remained above four to one. This is still a strong liquidity rate, but its decline over the

last five years, is a warning trend. The trend is not yet a cause for concern since the ratio is still relatively high, but a continuing decline would warrant the city’s attention. The Study concludes *The fundamental cause of the decrease in Adrian’s liquidity is from declining current assets and increasing current liabilities. Between 2004 and 2006, current assets fell by 30.0% while current liabilities increased by 35.0%. Current assets recovered between 2006 and 2008, growing by 20.0%, but current liabilities grew at an even higher rate of 42.0%. Overall, this indicator yields mixed results for Adrian.*

Response to Indicator #8 – Ability to Pay.

A comparison analysis is provided as follows:

	2004		2008	
	Governmental Activities	Business-Type Activities	Governmental Activities	Business-Type Activities
Current Assets	\$3,468,459	\$2,755,192	\$4,654,201	\$3,625,408
Current Liab.	404,829	107,221	1,186,408	1,250,206
Current Ratio	8.6	25.7	3.9	2.9

Although the Current Ratio has declined during the study period for both Governmental Activities and Business-Type Activities, the present Current Ratio reflects adequate liquidity to meet current obligations. However, the trend is noteworthy and, therefore, I concur with the Study recommendation regarding performance of a regular cash-flow analysis. **Furthermore, because cash flow is dependent upon, in the first instance, revenue, I strongly suggest that a comprehensive review of all City Revenues be undertaken with recommendations for enhancements.**

Indicator #9 – Solvency reflects an Unstable Financial Condition. Given the city policy of using debt to finance capital projects, the debt to asset and debt to net assets ratios are monitored for business type activities because the majority of debt is financed for these activities. Both ratios have increased over the past five years while the average for the benchmark cities has remained stable (debt to asset ratio) or decreased (debt to net asset ratio). Part of the increase is a result of upgrades to the wastewater system and building purchases. Additional debt is financed for some governmental type activities that are capital in nature. Combining both types of activities—governmental and business-type—and comparing the total to the population, the debt per capita has increased each year, nearly doubling from 2004 to 2008. The Study concludes that: *Overall, debt is growing and at a faster pace than assets, equity, population, and property values, which is cause for concern. The upgrade in the wastewater system, purchases of land and buildings, and the payments for accrued sick days for city employees are the major factors for the growing debt. As a result, property owners are likely to witness increases in future tax rates and/or charges and fees to pay down this debt.*

Response to Indicator #9 – Solvency.

Although the City has avoided any tax increases in the past several years, City residents have experienced a significant increase in the cost of their Sewer and Water Services in the form of higher rates. It should be noted, however, that the current utility rates are competitive within the geographic region and with other comparably sized jurisdictions throughout the State. A significant factor constraining the City's own-source revenue, primarily Real and Personal Property Taxes which comprise almost two-thirds of General Fund Revenue, is the fact that fully 25% of the property in the City is exempt from taxation. The reason for this disproportionate amount is because the City is the seat of Lenawee County, which government offices are tax exempt. In addition, all educational facilities, including Adrian Public Schools, Lenawee Intermediate School District, Adrian College, Siena Heights University, and Jackson Community College are all tax exempt. The list gets even larger when you add Bixby Hospital and the extraordinary number of churches. Increasing the property tax would only serve to unfairly burden the homeowners that currently shoulder the financial responsibility for providing quality public services. **To address the issue of declining solvency, the aforementioned recommendation to closely examine City Revenues should encompass alternative forms of taxation that would more equitably share the cost of providing City services to all who benefit from those services.**

Indicator #10 – Unemployment reflects an Unstable Condition – Unemployment rates for the City of Adrian reflected in the study are as follows:

<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
7.4%	7.0%	7.3%	7.7%	9.9%

The foregoing information suggests the City of Adrian's unemployment rate has risen steadily over the last four years. However, this tendency is not distinctive since the state and national unemployment rates have both followed this trend. There should be cause for concern because the unemployment rate jumped more than 2.0% from 2007 to 2008. And it is significant that the city's unemployment rate has consistently been higher than the state average. Dura Corporation's loss of 250 jobs contributed to the jump in unemployment from 2007 to 2008. Alongside annual temporary layoffs in the auto industry, a slow-down in construction and weakness in the leisure and retail industry exacerbated the rise in unemployment. The Study concludes that: *As is the case with many Michigan cities, the manufacturing sector comprises a major portion of Adrian's economic tax base. Therefore, diversification of the employment base should be sought to offset the losses in manufacturing.*

Response to Indicator #10 – Unemployment:

The local economy is not immune to the national and state economic downturn and the resultant increase in unemployment, which has worsened to 12.9% in 2009. Consistent with the City's Strategic Plan, an excerpt of which follows, is the infusion almost \$7 million of public funds into the local economy related to the Downtown Government Complex. The City Administrator and City Commission have been painstaking in their

efforts to guide the funds to local contractors. Regarding diversification, the following excerpt from the City’s Strategic Plan addresses this important objective:

Goal: Strengthen and diversify the local economy

High Priority

1. Prepare and implement an economic development plan to provide guidance for action, perhaps incorporating some or all of the following elements:
 - Build on a philosophy of “gardening” as opposed to “hunting” in terms of our approach to economic development (develop and support local entrepreneurs).
 - Incorporate attention to neighborhoods and residential development, as well as downtown and commercial redevelopment, as part of the economic development plan.
 - Explore opportunities for partnerships with the Chamber of Commerce and other entities in terms of economic development efforts.
 - Identify options and make recommendations on use of incentives.
2. Perform analysis and formulate recommendation regarding the future use of the Local Development Finance Authority.
3. Implement Vibrant Small Cities Initiative ((VSCI) Grant, including: Infrastructure Projects, Downtown Building Façade Enhancements, Development Regulations Re-Write, Downtown Rental Rehabilitation Projects, Wireless Networks, and Downtown Property Blight Removal.

Priority When Resources are Available

4. Explore development of a fixed route transportation system for the city.
5. Explore use of a Local Development Finance Authority to facilitate development of the Witt and Marvin Farms.
6. Explore opportunities and develop strategy for building partnerships with local colleges to attract business investment and facilitate development, e.g., promote establishment of a new business incubator facility, and assist in curriculum development encouraging entrepreneurship.

Indicator #11 – Assessed Property Value reflects a Stable Condition – Assessed Property Values for the study period reflect as follows (in millions of dollars):

<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
\$454	\$474	\$508	\$533	\$530

Even though population has declined over the four-year period of the analysis, revenues generated from property taxes are increasing except for the slight downward trend in 2008 by approximately \$3 million dollars. Furthermore, the value of residential property dropped by \$8.5 million dollars in 2008, while the value of industrial property rose by almost \$4 million dollars. The Study concludes that: *Despite the \$8.5 million decrease in residential property values, other assessed values of real and personal property has remained stable or increased. The residential property value decrease is cause for concern and strategies should be pursued to rectify the issue going forward.*

Response to Indicator #11 – Assessed Property Value:

The situation in this area is much worse than the study reflects, and the trend is significantly downward in terms of tax revenue to fund City services. The interaction of the Headlee Constitutional Tax Limitation Amendment, approved by the voters in 1978, and the Revised School Finance Act (Proposal A), approved by the voters in 1994, renders any increases in Assessed Property Values irrelevant. The concept of Taxable Values has been introduced and the revenue generated is restricted to five (5%) percent or the level of inflation (as measured by the Consumer Price Index), **whichever is less.** Taxable Values, Tax Rates and Tax Revenue for operations during the Study period are as follows:

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Taxable Value	\$397.2 M	\$410.3M	\$426.9M	\$450.7M	\$450.6M
Tax Rates	14.7340mills	14.7340mills	14.6912mills	14.6039mills	14.6039mills
Revenue	\$5,852,345	\$6,045,360	\$6,271,673	\$6,581,978	\$6,580,517

Had the Tax Rates been applied to the Assessed Property Values, as was the case before Proposal A, the following revenues would have been generated:

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Revenue	\$6,689,236	\$6,983,916	\$7,463,130	\$7,783,879	\$7,740,067
Foregone	(836,891)	(938,556)	(1,191,457)	(1,201,901)	(1,159,550)

Obviously, taxpayers have benefited from the limits that have been imposed, however, the reduced revenue does not seem to be matched by a lower demand for services. Even though Assessed Property Values dropped precipitously from 2008 level of \$530 million to \$499 in 2009, the Taxable Value was allowed to increase by the rate of inflation (4.4%), resulting in an overall reduction in tax revenue amounting to approximately \$150,000. The inflation rate for next year’s computation is expected to be much less, on the order of one (1%) percent, which will have a significant adverse impact on the City’s primary source of revenue. Even though the City has trimmed the number of authorized positions during the past four years by two-dozen, the housing market downward spiral will challenge the City’s ability to maintain a workforce capable of delivering quality public services expected by our constituents. **As a result, it is incumbent upon the City to closely examine the current tax structure, in terms of who’s paying and who’s benefiting, and explore all legal avenues in terms of providing a more equitable sharing of the tax burden, as well as ensuring sufficient own-source revenue to sustain a suitable level of public services.**

C-2



MEMO

Date: June 9, 2009

To: Dane C. Nelson, City Administrator
Hon. Gary McDowell, Mayor
City Commission

From: Jeffrey C. Pardee, Finance Director

Re: **Grand Valley State University – Financial Trends Monitoring System
Report FY2004 to FY2008**

Please find attached the subject report. Both the report and management's response will be discussed at the Pre-Meeting on July 6, 2009. If you have any questions or need for further information, please contact my office at (517)264-4824.

City of Adrian, Michigan
Financial Trends Monitoring System Report
FY 2004 to FY 2008



Brian Flanagan
Dayna Porter
Chris Stallworth

April 2009

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INTRODUCTION

Founded in 1825, incorporated in 1853, and re-chartered in 1957, the City of Adrian, Michigan faces significant challenges in 2009. It is the county seat of Lenawee County, whose southern border with the state of Ohio was determined by an early American civil war during the Andrew Jackson administration. The fact that Adrian was already a decade old when the Toledo War was fought – and twelve years old when Michigan was finally admitted to the Union – is a testament to the long history of the city. Adrian's population of just over 21,000 does not have to fear its Ohioan neighbors today, but it is under siege by a different sort of threat. Michigan has been among the hardest-hit states by the recent national recession, and Lenawee County – with its year-old, double-digit unemployment rate – is among the hardest-hit regions in the state. The county seat has suffered as a result. Adrian's revenue generation has been impacted by the economy, while its expenditures have grown 22.0% since 2004, from nearly \$14 million to nearly \$17 million. Its debt capacity has diminished. Since 2002, debt-per-capita for the city has increased 162.0%, from \$474 to \$1,243, while debt as a percentage of income has risen from 2.2% to 6.0%. As we will see, this has factored into increased liabilities, a real dollar decline in fund balance and net assets, and declining liquidity. Under the weight of the struggling national, state, regional, and local economies, the city's vision for itself – "a hospitable and pleasant community that nurtures its diverse, natural, historical, cultural and social assets in order to foster a safe, clean, prosperous, attractive place in which to live, work, grow and play" – may seem more distant today.

There are reasons to have hope. First, the City of Adrian's mission is to "provide efficient and effective city services through comprehensive planning based on long-term systematic principles that foster an open, honest, responsive government." This is an admirable and realistic mission even in a tough economy. Second, the city's highest-priority goals – strengthening city finances, diversifying the economy, improving infrastructure, and invigorating the downtown area – are all geared toward emerging from this crisis as a stronger, more sustainable community. Finally, several of the city's objectives make it clear that it recognizes its financial troubles. These include: exploring alternatives for increasing revenues; developing cost-sharing and pricing strategies; completing a debt capacity analysis; prudently investing; and implementing economic development and capital improvement plans. The city's mission, goals, and objectives, in other words, reflect its efforts to bolster its financial future.

The purpose of this paper is to assess the City of Adrian's current and future financial position, and to offer conclusions and recommendations to the city's leadership. The International City/County Management Association's (ICMA) handbook for local government, *Evaluating Financial Condition* guides this analysis. The ICMA's method – the Financial Trend Monitoring System (FTMS) – is designed to identify and organize "the factors that affect financial condition so that they can be measured and analyzed."¹ As such, eleven indicators have been selected, monitored for five years (2004 through 2008), and rated as stable, mixed results, or unstable. The indicators and their respective ratings are as follows:

Indicator	Rating
1. Revenues-Per-Capita	Mixed Results
2. Own-Source Revenue	Stable
3. Expenditures-Per-Capita	Unstable
4. Expenditures by Function	Mixed Results
5. Net Assets	Mixed Results
6. Operating Deficit	Unstable
7. Fund Balance	Unstable
8. Ability to Pay	Mixed Results
9. Solvency	Unstable
10. Unemployment	Unstable
11. Assessed Property Value	Stable

The first four indicators measure revenues and expenditures; indicators five, six, and seven measure the city’s current financial position; and the financial future of the city is assessed by indicators eight and nine. Finally, indicators ten and eleven evaluate selected environmental conditions.

Certain indicators have been selected to benchmark Adrian’s financial position against those of five other Michigan cities that are similar in size. These indicators will provide, “*flags* for identifying problems, *clues* about their causes, and *time* to take anticipatory action.”² These cities include:

- Eastpointe, Macomb County, population of 34,077
- Grand Haven, Ottawa County, population of 11,168
- Kentwood, Kent County, population of 47,449
- Royal Oak, Oakland County, population of 57,292
- Walker, Kent County, population of 23,709

The remainder of this paper defines the indicators, one-by-one, providing analyses, conclusions, and recommendations. The paper concludes with challenges and recommendations and a summary of the findings. The overall analysis provides a sense of the city’s 60-day cash solvency, 360-day budgetary solvency, and 3,600-day long-run solvency, as well as “its ability to provide services at the level and quality that are required”³

FINANCIAL AND ENVIRONMENTAL CONDITIONS ANALYSIS

Revenue and Expenditure Indicators

Revenues Per Capita

Intergovernmental Revenues

Expenditures Per Capita

Expenditures By Function

Indicator #1 – Revenues Per Capita

City Trend:	MIXED RESULTS
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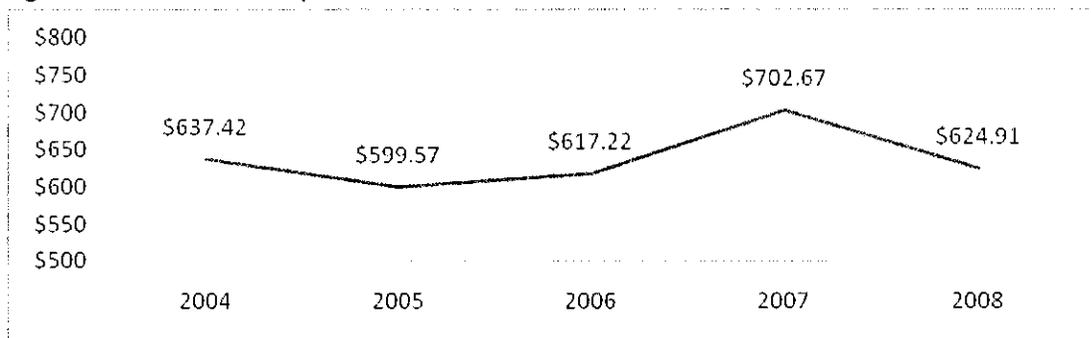
Description

Revenues per capita relate changes in revenues to changes in population over time. As population increases, real revenues per capita should remain stable or increase, as it is expected that the need for services will grow. Decreasing revenues per capita may indicate that without cutting costs or finding additional revenue sources, the city will become unable to maintain current service levels.⁴

City Policy

No city policy related to revenues per capita.

Figure 1. Revenues Per Capita

**Analysis**

From 2004 through 2008, the City of Adrian's revenues per capita trend shows an average annual real dollar decrease of 0.5%, while at the same time population has decreased 1.8%. In 2007, revenues per capita increased by 13.8%, but then they fell 11.1% in 2008 to a level typical of previous years. The sharp and temporary increase in 2007 is attributed to a general fund expansion of nearly \$80,000 and another non-major governmental fund increase due to a \$460,000 private donation to establish the Swigert Senior Trust. The City of Adrian revenues per capita are exhibiting the same trend as similarly sized Michigan cities explored in this report, including Eastpointe, Grand Haven, Kentwood, Royal Oak, and Walker.

Conclusion

Despite the 11.1% decrease in revenues per capita from 2007 to 2008, the overall trend yields mixed results. Decreasing revenues per capita is typically a negative trend, and the unexpected growth in 2007 may be considered an outlier since subsequent revenues per capita returned to levels that are more historic. When we remove 2007 as an outlier, revenues per capita appear stable to slightly decreasing. Concurrently, population is decreasing. Revenues per capita are decreasing at a rate slower than the decrease in population. This trend is favorable. However, as seen in future analysis, expenditures per capita exceed revenues per capita, and this trend is not sustainable.

Indicator #2 – Intergovernmental Revenues

City Trend: STABLE

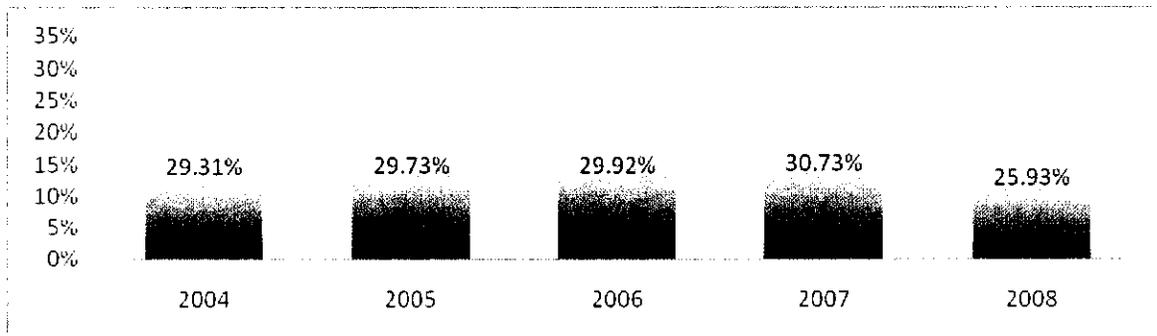
Description

Intergovernmental revenues are revenues from other governments (e.g., federal, state, and sometimes county, and local). Those revenues linked to revenue sharing are often reduced during times of economic distress. Overreliance on intergovernmental revenues to support operations makes municipalities vulnerable during tough economic times. As a percentage of gross operating revenues, a growing reliance on intergovernmental revenues indicates instability.⁵

City Policy

Adrian actively pursues grants, entitlements, contracts for services and other federal and state funds. The City uses these funds to further the applicable stated program goals. Because this source of funding is not guaranteed and are generally intended for a specific purpose, they do not be rely upon them as an alternative source of revenue to fund operating costs. Use of these funds should not have an adverse financial impact on the General Fund. City staff and the City Commission evaluate all grant opportunities for cost versus benefit factors and long-term impacts on the City.⁶

Figure 2. Percent Revenue from Intergovernmental Sources



Analysis

Adrian’s overall reliance on intergovernmental revenue has remained relatively constant since 2004, with a nearly 5% reduction in intergovernmental revenues seen in 2008. This reduction is due in part to reduced State shared revenue payments and the city’s Strategic Action Plan, which prioritizes own-source revenues growth through assessment of appropriate fees and charges, and further growing revenues through funding from friends and foundations. Figure 2 shows that the overall trend since 2004 is downward. When benchmarked against cities of similar size, two of the six cities show slight upward trends while others are stable or declining. Of note, however, is that the City of Adrian has consistently had the highest percentage of intergovernmental revenues of all the cities. The comparison cities average 20% intergovernmental revenues in 2008.

Conclusion

The relative stability and recent decrease in reliance on intergovernmental revenues is favorable. Consistent with financial policy, the trend indicates that the City of Adrian is becoming more dependent on its own-source revenues to support operations. Therefore, the City is impacted less by decreases in revenue sharing from state and federal sources. While the trend is stable, the City of Adrian should try to find additional sources of own-source revenues to bring the percentage of intergovernmental revenues more in line with cities of similar size.

Indicator #3 -- Expenditures Per Capita



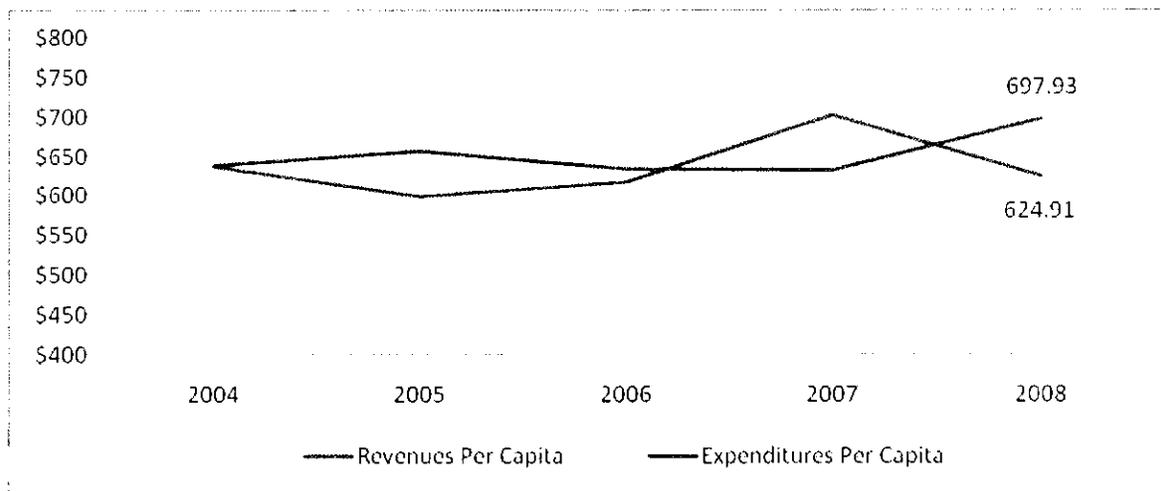
Description

Expenditures per capita reflect changes in expenditures related to changes in population. Increasing expenditures per capita may indicate population loss, or it may indicate that the government is spending more to support the same level of services.⁷

City Policy

No city policy related to expenditures per capita.

Figure 3. Revenues and Expenditures Per Capita



Analysis

Since 2004, real expenditures per capita have been on the rise in Adrian. Expenditures per capita outpace revenues per capita in all years examined except 2007. Revenues in 2007 were higher than planned due to a general fund surplus and a substantial private donation. While the increase in per capita spending may be related in part to the 1.8% reduction in population between 2004 to 2008, the average increase in spending of 2.4% outpaces population loss. Comparing the City of Adrian’s expenditures per capita to the benchmark cities yields similar results. All six cities have largely stable or slightly increasing expenditures per capita.

Conclusion

Although the 2008 “City of Adrian Comprehensive Annual Financial Report” shows planned increases in expenditures related to the development of the Vibrant City Grant Fund, road improvements, establishment of the Fire Department Motor Vehicle Fund, Adrian Public Library renovation, and appropriations for pension benefits, overall the trend is unstable. While 2008 saw the largest per capita expenditures increase, expenditures had been on a slight decline. The City should examine whether additional services are being provided, or if the same level of service is costing more to provide. If the same level of service is costing more to provide, revenues must be increased or services must be reduced to reverse the trend.

Indicator #4 – Expenditures By Function

City Trend: MIXEDRESULTS

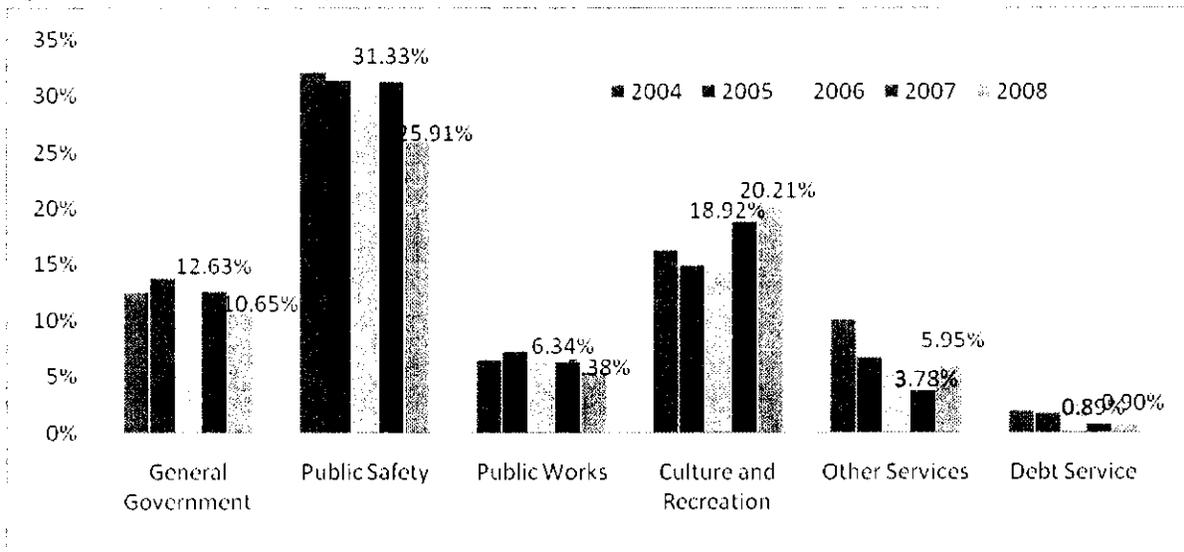
Description

Examining expenditures by function allows for a more detailed analysis of the city’s government spending. By examining expenditures for each function, analysts are able to more accurately determine where changes exist. Increasing operating expenditures for one function as a percentage of total net operating expenditures indicates a warning trend.⁸

City Policy

No city policy related to expenditures by function.

Figure 4. Percent of Total Expenditures by Function



Analysis

Since 2004, general government and public safety expenditures have decreased while culture and recreation expenditures have increased (see Figure 4). As stated in the description of this indicator, increased expenditures for individual functions signal a warning trend. While the other indicators have decreased, the functions with increased expenditures must be individually examined to determine what factors contribute to the spending.

Conclusion

This indicator yields mixed results for the City of Adrian. While General Government, Public Safety, and Public Works are shrinking, Culture and Recreation, Other Services and Debt Service are growing. Some of the decrease in Public Safety spending is related to increased use of homeland security funding to upgrade assets and the elimination of a clerical position in the police department, while the City’s stated mission and values directly support increased spending in Culture and Recreation. Increasing expenses in one function represents instability, but in Adrian, three functions are on the rise. Sources of additional revenues (such as increased fees) should be considered to offset the increased spending in Culture and Recreation and Other Services.

FINANCIAL AND ENVIRONMENTAL CONDITIONS ANALYSIS

Current Financial Position Indicators

Net Assets

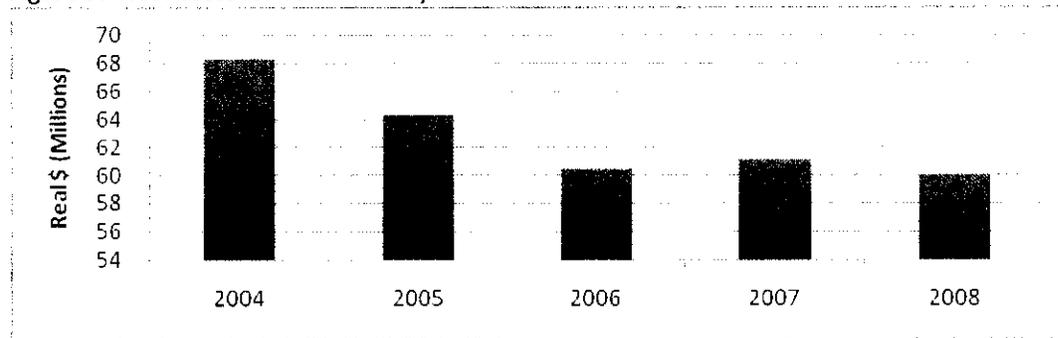
Operating Deficit or Surplus

Fund Balance

Indicator #5 – Net AssetsCity Trend: **MIXEDRESULTS****Description**

Net assets reflect the government's overall financial position. They are the difference between assets (what the government owns) and liabilities (what the government owes), and they should remain stable or grow. Net assets for total primary government will vary widely from municipality to municipality depending on size, demographics, and the number of business-type activities offered, and net assets within a municipality will vary depending on economic conditions, budgetary stability, and economic development projects, among other factors.

Figure 5. Net Assets for Total Primary Government

**City Policy**

No city policy related to net assets.

Analysis

Over the past five years, as Figure 5 shows, the real dollar value (dollars adjusted for inflation) for the City of Adrian's net assets has declined by \$8 million or 12.0%. That means that the city's overall financial position is getting worse. Net assets for governmental activities, consistently accounting for about half of the total, have declined by 10.0%. Furthermore, a comparison with five similarly sized Michigan cities reveals that Adrian's net assets for governmental activities were relatively low to begin with – Adrian consistently falls between 25.0% and 48.0% below the average. Even when the outlier – Royal Oak – is removed from the comparison, Adrian falls as far as 34.0% below the average.

Conclusion

The city's net assets have not kept up with inflation or increasing liabilities. Liabilities have nearly doubled in the last five years under the weight of a recent economic downturn, a declining manufacturing base, rising unemployment, and resulting tax revenue losses. The value of Adrian's net assets must outpace liabilities and inflation if the city is going to sustain or improve its financial position. We face trying economic times, but liquid assets should be managed for growth, and new investments should be made in capital assets while old investments depreciate. Overall, this indicator yields mixed results for the City of Adrian. While nominal net assets have remained stable, the five-year trend reveals a declining real dollar value of net assets, and relatively smaller ownership after liabilities than similarly sized Michigan cities.

Indicator #6 – Operating Deficit or Surplus



Description

The city’s operating deficit or surplus reveals the sufficiency of revenues to cover expenses. According to ICMA, a one-year operating deficit is not necessarily cause for concern. However, if there is a trend of consistent or increasing deficits over several years, it may be an indication of broader structural problems – causing current expenditures to exceed current revenues – and it could be a warning sign of tougher problems ahead.⁹ This indicator can reveal a pattern of imbalance and a need for structural reform. More specifically, the bond-rating industry will regard this indicator as a negative factor if it observes: (1) two or more consecutive years of operating deficits; (2) a current deficit larger than that of the previous year; (3) two or more deficits over the course of five years; or (4) an uncharacteristically large deficit of five to ten percent or more.¹⁰

City Policy

No city policy related to operating deficit or surplus.

Figure 6. Operating Surplus or Deficit

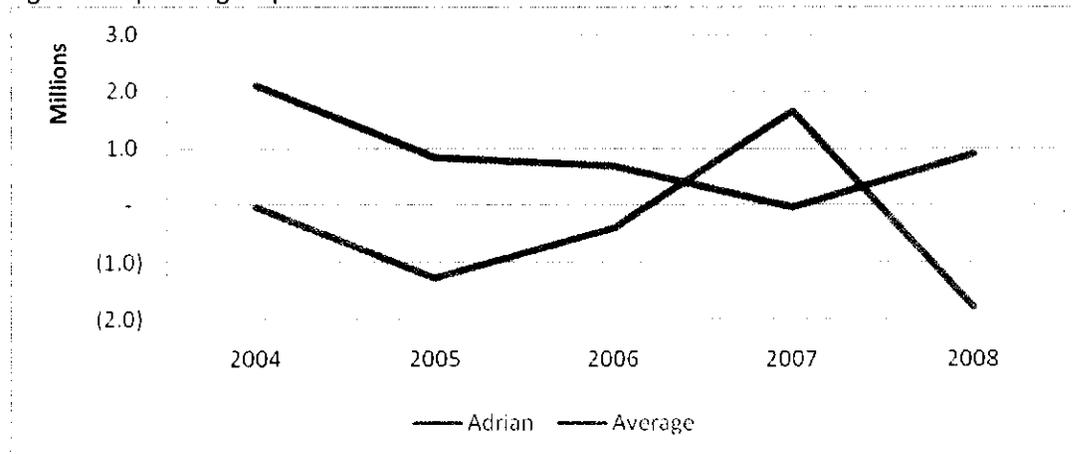
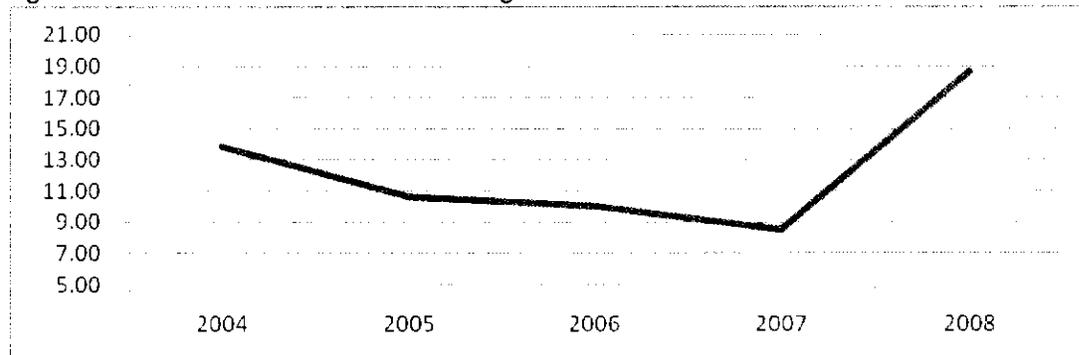


Figure 7. General Fund Deficit as a Percentage of General Revenues



Analysis

The City of Adrian's five-year trend meets several of the above negative bond rating criteria, and it is cause for concern. Between 2004 and 2006, as shown in Figure 6, the city's total governmental funds were in deficit by as much as \$1.25 million and as little as \$38 thousand. The larger figure is nearly 10.0% of total revenue. These data alone would be enough to convince Standard and Poor's, Moody's, and Fitch that there is a problem. In 2007, there was a modest 2.0% increase in expenditures compared to a 16.0% increase in revenues that resulted, in part, from a large, one-time, charitable gift. This led to a one-year surplus of over \$1.5 million, and subsequently increased the 2007 fund balance. However, this increase did not continue in 2008—revenues decreased by 8.0% while expenditures increased 15.0%. The result was a deficit in fiscal year 2008 that is nearly 12% of general revenue, and a fourth deficit in five years. During this same span, as seen in Figure 7, the general fund was consistently in deficit by 8.0% to 18.0% of general fund revenues, and the most recent budget marked the largest deficit of the period. These data and figures show that the City of Adrian meets all four criteria that would serve as warning signs to credit raters, and so the indicator cannot be rated above unstable.

Conclusion

The result of this five-year trend is a declining fund balance, but the causes are harder to perceive. The city's budget reports emphasize the negative economic climate – nationally, statewide, regionally, and locally – and, indeed, the city's second largest revenue source – the State of Michigan – has incrementally decreased its contribution to the city. Between 2004 and 2008, state aid declined by nearly \$150,000. During the same period, however, the city's largest revenue source – property and other tax dollars – actually increased by more than \$1.25 million. The more likely cause is the increasing cost of government in the face of fairly stable revenues. General fund expenditures have risen by more than \$3 million, or 22.0% in five years. Highways, streets, and bridges; and culture and recreation have accounted for the majority of that rise, with 37.0%, and 72.0% increases in expenditures, respectively. Potential solutions to improve the imbalance include increasing tax revenues, finding new revenue sources, or stemming the growth in expenditures. The city clearly recognized this need in its 2008 financial statement, which ranked as its number one priority “strengthening city finances” through increased revenues, cost sharing strategies, prudent investment strategies, and budget reduction contingency plans. Fiscal year 2007 – the only year in the last five in which there was a total governmental funds surplus – shows that a balanced operating budget is still possible.

Indicator #7 – Fund Balance



Description

The fund balance is the city’s reserve in governmental, proprietary, and fiduciary funds. It can rise or fall depending on operating budget deficits or surpluses, success of investments, and capital and operational outlays, among other factors. It is an indicator of the government’s ability to weather future financial storms, and it affects the city’s ability to save for future capital investments.¹¹ Although too large a fund balance is seen by the bond-rating industry as a red flag, declining unreserved fund balances in relation to net operating revenue can be a warning sign for future financial conditions.¹² The city of Adrian maintains eleven separate governmental funds and several proprietary and fiduciary funds.

City Policy

To maintain the City of Adrian’s credit rating and meet seasonal cash flow shortfalls, the budget provides for an anticipated unreserved fund balance at least fifteen (15.0%) percent to twenty (20.0%) percent of annual budgeted operating expenditures for the general government and enterprise fund types. The fund balance is exclusive of all reserves not anticipated to be readily available for use in emergencies and contingencies. The adequacy of the fund balance is evaluated annually to consider minimum cash requirements prior to receipt of current year property tax collections.¹³

Figure 8. Total Governmental Fund Balance (Real Dollars)

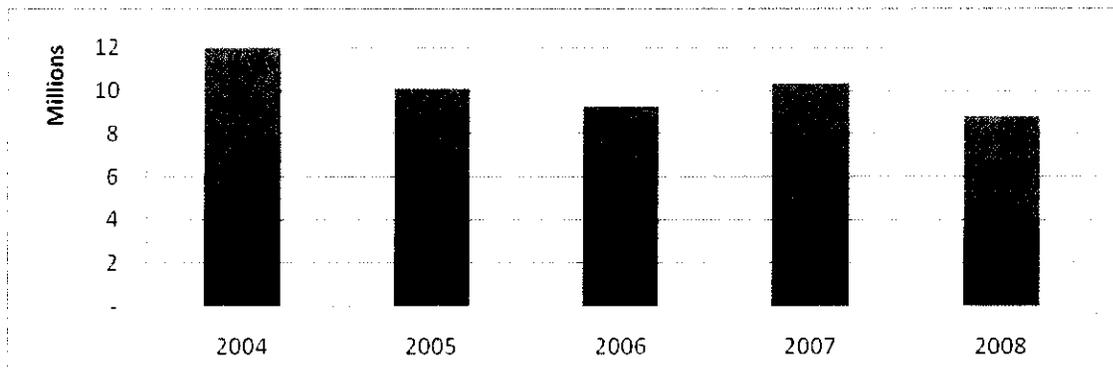


Figure 9. Unreserved Fund Balance

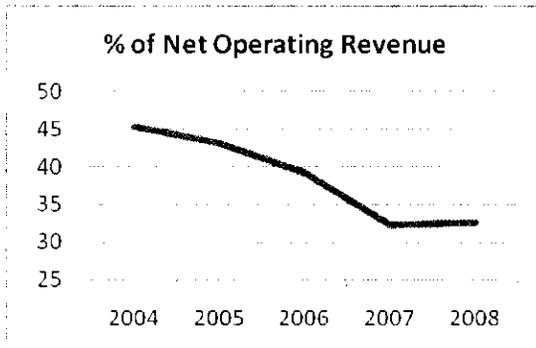
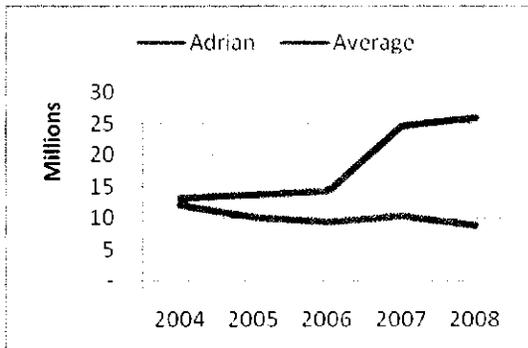


Figure 10. Fund Balance (Real Dollars)



Analysis

Ideally, the City of Adrian's fund balance should remain stable, or grow from year to year as a result of operating surpluses. This has not been the case in recent years. The city's total governmental fund balance, as shown in Figure 8, has decreased in three of the last four years, resulting in a 17.0% decline over the span. Although 2007 continues to be the exception that proves the rule – the fund balance actually grew that year – in each of the other years the balance dropped between 8.0% and 16.0%. In its financial report, the city highlights several causes for the falling fund balance, including investments in City Hall, Adrian Public Library, and a fire engine, as well as depreciation, debt servicing, and pension benefits. The five-year, \$3.2 million reduction, in real dollars, is also partially attributable to the city's recent trend of operating deficits. Perhaps more distressing than the real dollar decline, is that the unreserved fund balance has fallen as a percentage of net operating revenue from 45.4% to 32.7% since 2004, as illustrated in Figure 9. These unencumbered reserves are the primary source of stability during a financial emergency, such as the one we face today, and their decline leaves Adrian less equipped to manage the crisis than it would have been five years ago.

Disagreement exists as to the appropriate size of a city's fund balance. As such, it could be argued that Adrian can afford to reduce its reserves. However, a comparison to four of the five similarly sized Michigan cities (see Figure 10) shows that on average, fund balances have grown in the last five years by 97.0%. This excludes the outlier, Kentwood, whose fund balance is nearly double the size of the five-city average. Remove Adrian from the average, and the four other city reserves have grown by 125.0%. Considering this comparison, it is hard to argue that Adrian can afford to further shrink its fund balance.

Conclusion

This indicator yields a rating of unstable for Adrian. Going forward, the city should do everything in its power to balance its operating budget in the coming years and stem deficit draws on the fund balance, and it should consider reducing or eliminating all spending from reserve funds. This will be difficult to do in the midst of the current financial crisis, but it is a necessary goal.

FINANCIAL AND ENVIRONMENTAL CONDITIONS ANALYSIS

Financial Future Indicators

Ability to Pay

Solvency

Indicator #8 – Ability to Pay

City Trend: MIXEDRESULTS
--

Description

An organization’s ability to pay its bills in the near term is measured by calculating a liquidity ratio (current assets divided by current liabilities). Specifically, the ratio reveals how much funding, in cash and liquid assets, is on hand to cover short-term liabilities—those due in a year.. According to ICMA, a low or declining liquidity ratio is an indication that the government has overextended itself.¹⁴ A ratio for any given year lower than one is unfavorable, but a declining ratio over multiple years is sufficient to raise red flags. Ideally, the liquidity ratio will stay above one and will either increase or remain steady.

City Policy

The city of Adrian maintains that the investment portfolio remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated.¹⁵

Figure 11. Current Liquidity Ratio

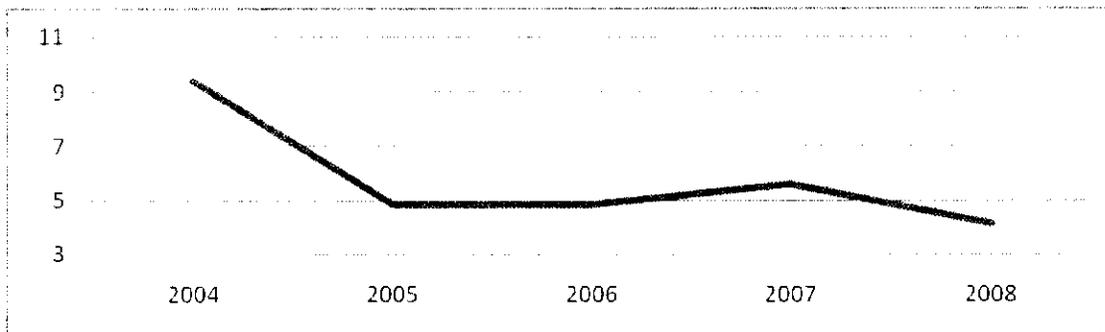


Figure 12. Ratio for Total Primary Government

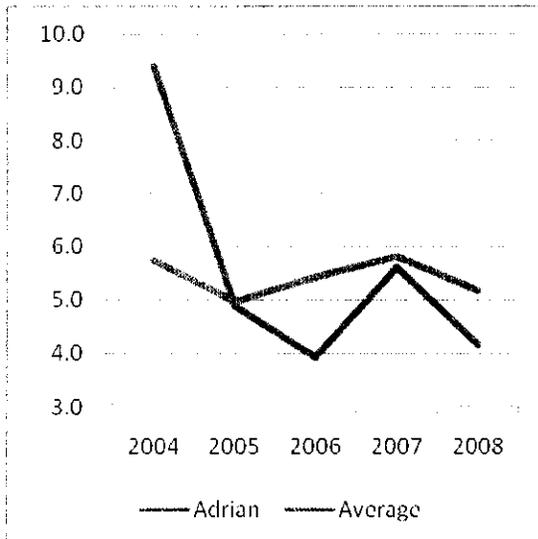
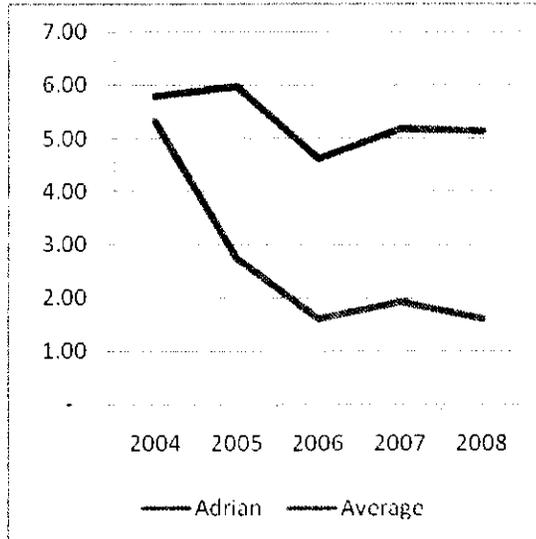


Figure 13. Ratio for Business Type Activities



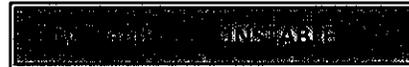
Analysis

The City of Adrian has had high liquidity ratios over the last five years, but it is enduring a downward trend. In 2004, the current ratio was greater than eight to one, meaning that less than one-eighth of the city's liquid assets were required to cover short-term liabilities. In 2008, the ratio remained above four to one. This is still a strong liquidity rate, but its decline over the last five years, illustrated in Figure 11, is a warning trend. The trend is not yet a cause for concern since the ratio is still relatively high, but a continuing decline would warrant the city's attention. It is an indication that if the trend continues, the city will no longer have a large enough reserve of liquid assets to cover its current liabilities. In other words, its ability to sustain a strong financial position could continue to decline in coming years. The six-city comparison of similarly sized municipalities, illustrated in Figure 12, reveals that in 2004 Adrian had a relatively high current liquidity ratio for total primary government – the highest among the sample cities, in fact. By 2008, Adrian had fallen below the average. A primary contributor to Adrian's reduced liquidity was its business-type activity. Its current liquidity ratio for business type activities dropped nearly four points, from 5.3 to 1.6, while the five-city average, as shown in Figure 13, fell by less than one point.

Conclusion

The fundamental cause of the decrease in Adrian's liquidity is from declining current assets and increasing current liabilities. Between 2004 and 2006, current assets fell by 30.0% while current liabilities increased by 35.0%. Current assets recovered between 2006 and 2008, growing by 20.0%, but current liabilities grew at an even higher rate of 42.0%. Overall, this indicator yields mixed results for Adrian. Although the city's liquidity is still strong (over one), it has fallen precipitously over the past five years. The City may consider performing a regular cash-flow analysis, as recommended by ICMA, scheduling disbursement, collection, and deposits to maximize cash availability.¹⁶

Indicator #9 – Solvency



Description

A government’s financial future, or solvency, is measured by calculating a series of debt ratios, including debt-to-asset ratio, debt-to-net asset ratio, debt per capita, and debt per \$1000 of assessed property values. The first two ratios allow government officials to monitor and compare what it owes to what it owns (assets) and its net worth (net assets). In addition, debt is compared to population and property values (as tax revenue is generated by these two factors) so the city can examine its ability to cover its liabilities.

City Policy

The City of Adrian only uses long-term debt for capital projects that cannot be financed out of current revenues within the Revenue Policy guidelines for rate increases. Long-term debt may also be issued when the specific situation dictates that it is financially in the best interests of the City (e.g., use of State revolving loan funds at strategically low interest rates). Further, debt financing is generally limited to one-time capital improvement projects and only under the following circumstances:

- When the project’s useful life will exceed the term of the financing;
- When the project revenue or specific resources will be sufficient to service the debt;
- When the project will benefit the citizens at large.

Debt financing is not appropriate for:

- Current operating and maintenance expenses (except for issuing short-term instruments such as revenue anticipation notes or tax anticipation notes);
- Any recurring purpose, except as indicated above.

Long-term borrowing is confined to capital improvements too large to be financed from current revenues. Capital projects financed through bond proceeds are financed for a period not to exceed the useful life of the project.¹⁷

Figure 14. Debt to Asset and Net Asset Ratios for Business-type Activities

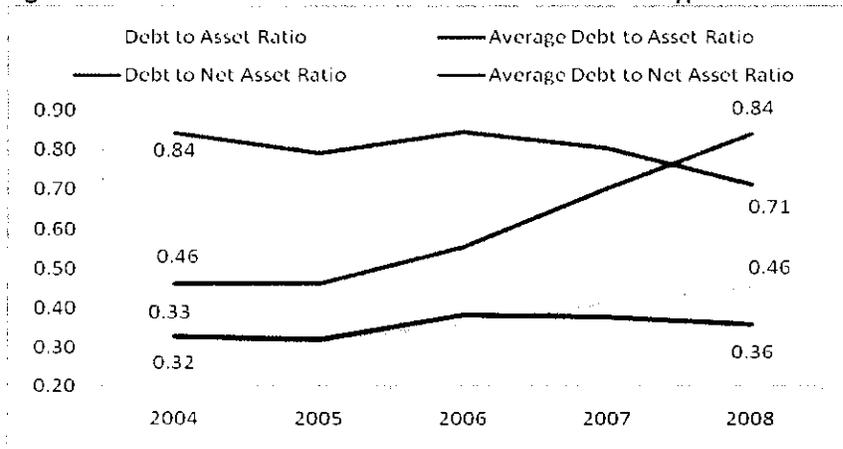


Figure 15. Debt Per Capita by Different Activities

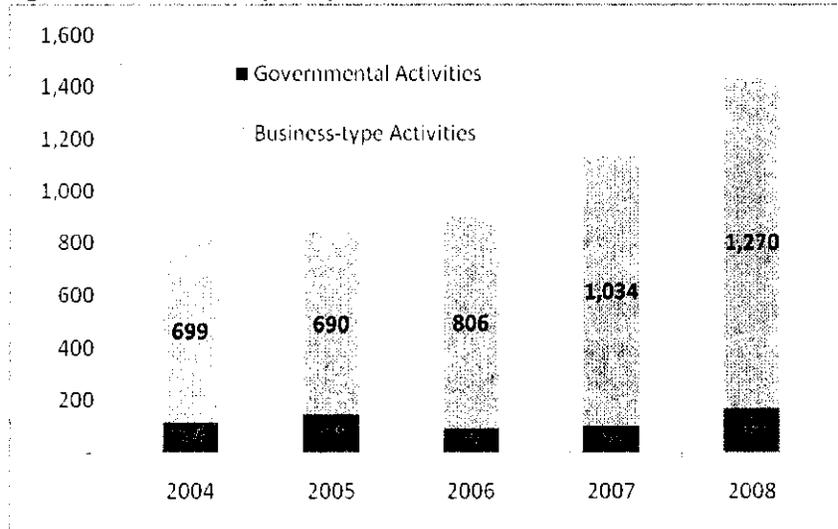
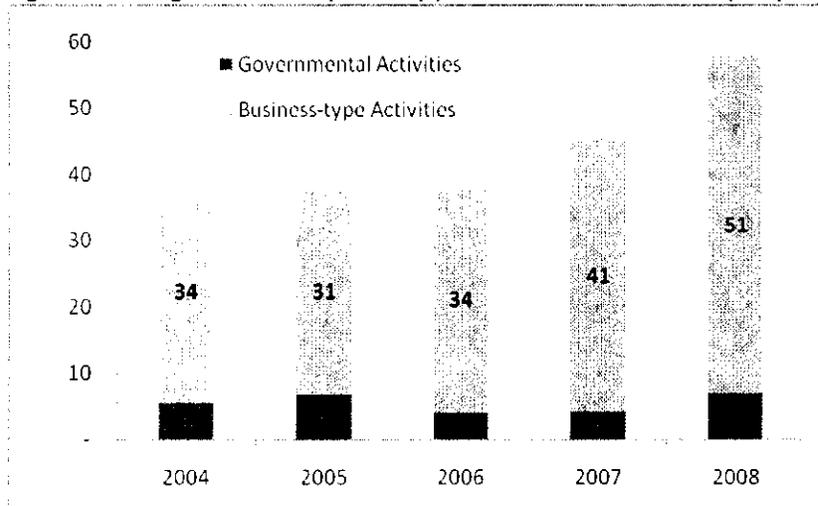


Figure 16. Long-term Debt by Activity per \$1000 of Assessed Property Value



Analysis

Given the city policy of using debt to finance capital projects, the debt to asset and debt to net assets ratios are monitored for business type activities (Figure 14) because the majority of debt is financed for these activities. Both ratios have increased over the past five years while the average for the benchmark cities has remained stable (debt to asset ratio) or decreased (debt to net asset ratio). Part of the increase is a result of upgrades to the wastewater system and building purchases.

Additional debt is financed for some governmental type activities that are capital in nature. Combining both types of activities—governmental and business-type—and comparing the total to the population, (Figure 15), the debt per capita has increased each year, nearly doubling from 2004 to 2008. The city's short and long-term liabilities are the major factors that contribute to this trend. An analysis of the debt indicators suggests that the city may be relying increasing on long-term debt to finance capital projects. Figure 16, which explores the city's assessed *property value*, suggests that the debt per \$1000 of assessed property values remained stable from 2004 through 2006 and then increased 53.6% over the next two years despite increases in the property values from 2004 to 2007 (see indicator 11).

Conclusion

Overall, debt is growing and at a faster pace than assets, equity, population, and property values, which is cause for concern. The upgrade in the wastewater system, purchases of land and buildings, and the payments for accrued sick days for city employees are the major factors for the growing debt. As a result, property owners are likely to witness increases in future tax rates and/or charges and fees to pay down this debt.

FINANCIAL AND ENVIRONMENTAL CONDITIONS ANALYSIS

Environmental Factors

Unemployment Rate

Assessed Property Value

Indicator #10 – Unemployment**Description**

The unemployment rate indicates the percentage of the labor force that is unemployed. Ideally, this indicator should be stable or declining. Employment is related directly to business activity and personal income, and is thus a measure of the community's ability to support its business sector.¹⁸

City Policy

No city policy related to unemployment.

Figure 17. Unemployment

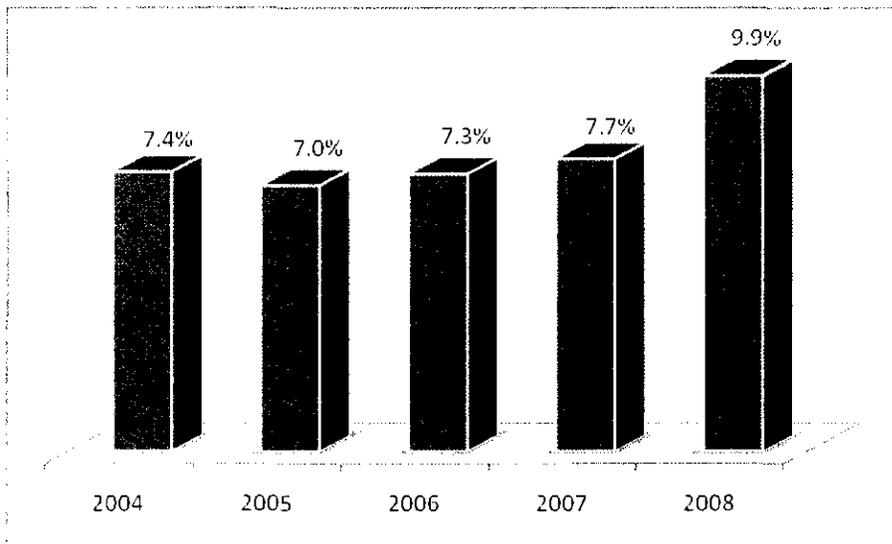
**Analysis**

Figure 17 suggests the City of Adrian's unemployment rate has risen steadily over the last four years. However, this tendency is not distinctive since the state and national unemployment rates have both followed this trend. There should be cause for concern because the unemployment rate jumped more than 2.0% from 2007 to 2008. And it is significant that the city's unemployment rate has consistently been higher than the state average.

Conclusion

Dura Corporation's loss of 250 jobs contributed to the jump in unemployment from 2007 to 2008. Alongside annual temporary layoffs in the auto industry, a slow-down in construction and weakness in the leisure and retail industry exacerbated the rise in unemployment. As is the case with many Michigan cities, the manufacturing sector comprises a major portion of Adrian's economic tax base. Therefore, diversification of the employment base should be sought to offset the losses in manufacturing.

Indicator #11 – Assessed Property Value

City Trend: STABLE

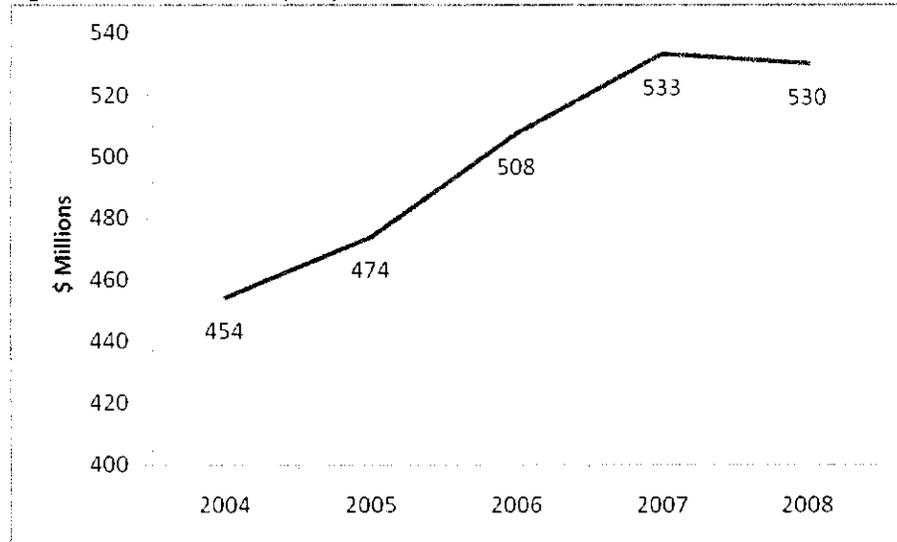
Description

The assessed property value is the sum total of all property within a municipality. It is used to calculate property tax rates. Changes in property value are important because most local governments depend on the property tax for a substantial portion of their revenues.¹⁹ Declining areas are more likely to see a decrease in the market value of properties.

City Policy

No city policy related to assessed property value.

Figure 18. Assessed Property Value



Analysis

The assessed property value in the City of Adrian provides the city with substantial revenue from the taxes levied on these properties. In Figure 18, the trend rises. This means that the value of property has also risen in the city. Even though population has declined over the four-year period of the analysis, revenues generated from property taxes are increasing except for the slight downward trend in 2008 by approximately \$3 million dollars. Furthermore, the value of residential property dropped by \$8.5 million dollars in 2008, while the value of industrial property rose by almost \$4 million dollars.

Conclusion

Despite the \$8.5 million decrease in residential property values, other assessed values of real and personal property has remained stable or increased. The residential property value decrease is cause for concern and strategies should be pursued to rectify the issue going forward.

CHALLENGES AND RECOMMENDATIONS

The financial position and environmental factors of the City of Adrian presents a series of challenges for the city and its residents. The city is operating in an environment of decreasing fund balances and liquidity and increasing operating deficits and debt, while population and property values are declining.

Adrian's expenditures are increasing while revenues are declining. The challenge will be to determine if the cause of the expenditure increase is an increase in the level of existing services or if there are indeed enough revenues to pay for services. If the increase cannot be explained by additional services used, personnel productivity and service inefficiency could be the culprit.²⁰ One solution would be to decrease spending and increase revenues; however, in this volatile economic condition, such a solution is easier said than done. Nevertheless, inefficiencies, unnecessary programming, and the like must be identified, analyzed, and controlled or eliminated to improve the financial position. In addition, we would recommend that the city consider forming coalitions with other cities to offer services that are interchangeable for the citizens of each municipality to utilize.

The city of Adrian faces multiple environmental challenges in the near and distant future. First, the city faces declining population and escalating unemployment that threatens the creation of new revenue streams, as well as taxes that are collected on a per capita basis. Since many governmental and intergovernmental revenues and grants are distributed according to population, this warrants the city's immediate attention.²¹ In order to offset these mitigating circumstances, the city will have to diversify its economic base to include the recruitment of new employers who are technologically on the cutting edge and who are willing to bring their servicing expertise into the municipality. Moreover, the city should continue to market its higher education facilities in an effort to attract students into the area to replace the citizens that have moved out. Adrian should utilize its universities as leverage to solidify new businesses and private capital investment.

SUMMARY

We set out to analyze the City of Adrian's financial condition. Upon the evaluation of 11 indicators, we find the city's condition is mixed. More specifically, revenues appear stable, but expenditures are outpacing revenue growth and are unsustainable. To stabilize these financial indicators, the City must identify additional sources of revenue to offset the growth in expenditures. It is not recommended that additional revenue be obtained through debt financing.

In addition, the City of Adrian's net assets are decreasing and are substantially below the net assets of five comparison cities of similar size. Coupled with declining fund balances and growing operating deficits, the current overall financial position of the City of Adrian is unstable.

The City's financial future yields mixed results. Although Adrian's ability to pay its bills in the near term (liquidity) remains strong, its ability has dropped rapidly over the past five years. More importantly, if the liquidity continues to decline, the City may put in a position in which cash flows are insufficient to meet current liabilities. Finally, the City's solvency is threatened by increasing debt and decreasing assets, equity, and population.

While this financial trend report yields mixed results, the City of Adrian is not alone in its struggles. The current federal and state recession is clearly having a direct impact on local governments – including the City of Adrian and its neighbors.

ENDNOTES

- ¹ Groves, S.M. and Godsey-Valente, M. (2003). Introduction. In K. Nollenberger (Ed.), *Evaluating financial condition: A handbook for local government* (p. 1). Washington, D.C.: International City/County Management Association.
- ² Ibid., p. 4.
- ³ Ibid., p. 1.
- ⁴ Ibid., p. 16.
- ⁵ Ibid., p. 17.
- ⁶ Pardee, J.C. (2004). *City of Adrian Financial Management Policies*. Retrieved March 30, 2009, from <http://ci.adrian.mi.us/index.aspx?nid=472>.
- ⁷ Groves, S.M. and Godsey-Valente, M. (2003), p. 45.
- ⁸ Ibid., p. 48.
- ⁹ Ibid., p. 62.
- ¹⁰ Ibid., p. 63.
- ¹¹ Ibid., p. 68.
- ¹² Ibid., p.68.
- ¹³ Pardee, J.C. (2004), <http://ci.adrian.mi.us/index.aspx?nid=472>.
- ¹⁴ Groves, S.M. and Godsey-Valente, M. (2003), p. 71.
- ¹⁵ Pardee, J.C. (2004), <http://ci.adrian.mi.us/index.aspx?nid=472>.
- ¹⁶ Groves, S.M. and Godsey-Valente, M. (2003), p. 72.
- ¹⁷ Pardee, J.C. (2004), <http://ci.adrian.mi.us/index.aspx?nid=472>.
- ¹⁸ Groves, S.M. and Godsey-Valente, M. (2003), p. 131.
- ¹⁹ Ibid., p. 120.
- ²⁰ Ibid., p. 46.
- ²¹ Ibid., p. 108.

CONSENT AGENDA

CR-1

SUBJECT: Annual Bid -PVC Pipe

June 8, 2009

TO: Dane C. Nelson

City Administrator

FROM: Cindy L Prue

Asst. Finance Director

I concur with the recommendation of the Asst. Finance Director to award the annual bid for PVC pipe requirements to Etna Supply of Grand Rapids, MI for the items and prices as listed in the bid tabulation below. Etna was the lowest bidder that would guarantee their prices for the next fiscal year.

Funds are available in the respective departments' budgets for this expense. I urge your favorable consideration authorizing this annual purchase.



Dane C. Nelson
City Administrator

DCN:bjw

Sealed bids were received until 2:00 p.m. E.D.T. on Thursday, May 28, 2009, for the City's annual PVC Pipe requirements. Below is a tabulation of the bids received:

ITEM	Michigan Pipe Jackson, MI	Kuhlman Corp Maumee, OH	Etna Supply Grand Rapids, MI
Plastic PVC:		Thru 8/30/09 Thru 6/30/10	
4"	\$ 0.77	\$0.58	\$ 0.63
6"	\$ 1.63	\$1.18	\$ 1.31
8"	\$ 2.92	\$2.11	\$ 2.31
10"	\$ 4.58	\$3.24	\$ 3.66
12"	\$ 6.57	\$4.65	\$ 5.25
15"	\$ 9.78	\$7.04	\$ 7.95
18"	\$ 14.57	\$10.58	\$ 12.41
Minimum Order	\$500.00		20 feet
Delivery	7 days		10 days

I recommend the bid for the city's annual Plastic PVC requirements be awarded to Etna Supply of Grand Rapids, MI. Etna Supply has the lowest price that is firm for the next fiscal year. We have used Etna's products in the past and have been happy with their performance.

Respectfully submitted,

Cindy L Prue
Assistant Finance Director

RE: ANNUAL BID – PVC PIPE

RESOLUTION

WHEREAS, sealed bids were received May 28, 2009 for the annual PVC pipe requirements; and

WHEREAS, said bids have been tabulated and recommendations made by Cindy Prue, Asst. Finance Director, and the City Administrator; and

WHEREAS, said bids have been considered by the Adrian City Commission.

NOW, THEREFORE, BE IT RESOLVED that the annual bid for PVC pipe be awarded to Etna Supply of Grand Rapids, MI for the items and prices as listed in the bid tabulation below and under the terms and conditions as specified and as proposed in their sealed bid dated May 28, 2009.

ITEM	Etna Supply Grand Rapids, MI
Plastic PVC:	
4"	\$ 0.63
6"	\$ 1.31
8"	\$ 2.31
10"	\$ 3.66
12"	\$ 5.25
15"	\$ 7.95
18"	\$ 12.41
Minimum Order	20 feet
Delivery	10 days

On motion by Commissioner _____, seconded by
Commissioner _____, this resolution was _____ by a
_____ vote.

CR-2

SUBJECT: Annual Flake Calcium Chloride June 8, 2009
TO: Dane C. Nelson City Administrator
FROM: Cindy L Prue Assistant Finance Director

I concur with the recommendation of the Asst. Finance Director to award the annual bid for Flake Calcium Chloride to Cutler Dickerson of Adrian, MI at the costs listed in the bid tabulation below.

Four firms were invited to bid with Cutler Dickerson being the sole bidder. I urge your favorable consideration authorizing this annual purchase.



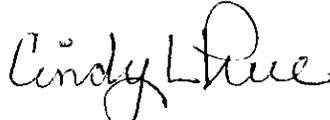
Dane C. Nelson
City Administrator

Sealed bids were received until 2:00 p.m. EDT on Thursday, May 28, 2009, at the Purchasing Office, City Hall, for fiscal year 2009-2010 requirement for Flake Calcium Chloride. The following bid was received:

	<u>Cutler Dickerson Adrian, MI</u>	<u>Current Pricing</u>
Flake Calcium Chloride 50 lb. bags – Pickup	\$411.60 per ton	\$394.00 per ton
Flake Calcium Chloride 50 lb. bags-35 ton purchase	\$400.00 per ton	\$394.00 per ton

I recommend the bid be awarded to the only bidder, Cutler Dickerson of Adrian. We have purchased the product the past several years and have been satisfied with their products.

Respectfully,


Cindy L Prue
Assistant Finance Director

CR09-030

June 15, 2009

RE: ANNUAL BID – FLAKE CALCIUM CHLORIDE

RESOLUTION

WHEREAS, sealed bids were received May 28, 2009 for the annual Flake Calcium Chloride requirements; and

WHEREAS, said bids have been tabulated and recommendations made by Cindy Prue, Asst. Finance Director, and the City Administrator; and

WHEREAS, said bids have been considered by the Adrian City Commission.

NOW, THEREFORE, BE IT RESOLVED, that the annual bid for Flake Calcium Chloride be awarded to Cutler Dickerson of Adrian, MI, for \$411.60 per ton in 50 lb. bags or \$400.00 per ton with a 35 ton purchase under the terms and conditions as specified and as proposed in their sealed bid dated May 28, 2009.

On motion by Commissioner _____, seconded by
Commissioner _____, this resolution was _____ by a
_____ vote.

CR-3

CR09-031

June 15, 2009



Charitable Gaming Division
Box 30023, Lansing, MI 48909
OVERNIGHT DELIVERY:
101 E. Hillsdale, Lansing MI 48933
(517) 335-5780
www.michigan.gov/cg

LOCAL GOVERNING BODY RESOLUTION FOR CHARITABLE GAMING LICENSES
(Required by MCL 432.103(9))

At a _____ meeting of the _____
REGULAR OR SPECIAL TOWNSHIP, CITY, OR VILLAGE COUNCIL/BOARD

called to order by _____ on _____
DATE

at _____ a.m./p.m. the following resolution was offered:
TIME

Moved by _____ and supported by _____

that the request from HOPE Community Center of Adrian
NAME OF ORGANIZATION CITY

county of LENAWEE, asking that they be recognized as a
COUNTY NAME

nonprofit organization operating in the community for the purpose of obtaining charitable

gaming licenses, be considered for JULY 18, 2009 RAJOU
APPROVAL/DISAPPROVAL

APPROVAL

DISAPPROVAL

Yeas: _____

Yeas: _____

Nays: _____

Nays: _____

Absent: _____

Absent: _____

I hereby certify that the foregoing is a true and complete copy of a resolution offered and
adopted by the _____ at a _____
TOWNSHIP, CITY, OR VILLAGE COUNCIL/BOARD REGULAR OR SPECIAL
meeting held on _____
DATE

SIGNED: _____
TOWNSHIP, CITY, OR VILLAGE CLERK

PRINTED NAME AND TITLE

ADDRESS

COMPLETION: Required.
PENALTY: Possible denial of application.
BSL-CG-1153(R10/06)

Internal Revenue Service

Date: January 12, 2006

HOPE COMMUNITY CENTER INC
PO BOX 503
ADRIAN MI 49221-0503

Department of the Treasury
P. O. Box 2508
Cincinnati, OH 45201

Person to Contact:

April C. Howard 31-07692
Customer Service Representative

Toll Free Telephone Number:

877-829-5500

Federal Identification Number:

38-2177974

Dear Sir or Madam:

This is in response to your request of January 12, 2006, regarding your organization's tax-exempt status.

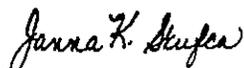
In December 1977 we issued a determination letter that recognized your organization as exempt from federal income tax. Our records indicate that your organization is currently exempt under section 501(c)(3) of the Internal Revenue Code.

Our records indicate that your organization is also classified as a public charity under sections 509(a)(1) and 170(b)(1)(A)(vi) of the Internal Revenue Code.

Our records indicate that contributions to your organization are deductible under section 170 of the Code, and that you are qualified to receive tax deductible bequests, devises, transfers or gifts under section 2055, 2106 or 2522 of the Internal Revenue Code.

If you have any questions, please call us at the telephone number shown in the heading of this letter.

Sincerely,



Janna K. Skufca, Director, TE/GE
Customer Account Services

CR-4

SUBJECT: Annual Rock Salt Requirements

June 8, 2009

TO: Dane C. Nelson

City Administrator

FROM: Cindy L Prue

Assistant Finance Director

I concur with the recommendation of the Assistant Finance Director to award the annual bid for rock salt to Morton Salt of Chicago, IL for the items and amounts as listed in the bid tabulation below.

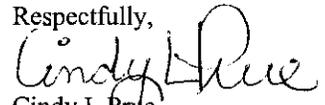
Two firms responded to the offer to bid. There are sufficient funds in the current departments' budgets for this annual purchase.


Dane C. Nelson
City Administrator

Sealed bids were received until 2:00 p.m. EDT on Thursday, May 21, 2009, at the Purchasing Office, City Hall, for the city's annual rock salt requirements. The following bids were received:

ITEM	North American Salt Overland Park, KS	Morton Salt Chicago, IL	Current Pricing
#1 Bulk Salt FOB Pickup Site	\$ 57.28	\$58.34	
#2 Bulk Salt FOB Alt. Site	No Bid	\$ 58.34	
#1 Bulk Salt FOB Adrian, MI	\$ 59.28	\$ 58.34	\$51.88 (North American)
ALT BID - 2 YEARS			
#1 Bulk Salt FOB Pickup Site	No Bid	No Bid	
#2 Bulk Salt FOB Alt. Site	No Bid	No Bid	
#1 Bulk Salt FOB Adrian, MI	No Bid	No Bid	
Pickup Site	Toledo, OH	Detroit, MI	
Delivery	3 -5 days	1 - 5 days	
Moisture Percent	2%	1.5%	
Terms	Net 30 days	Net 30 days	
	Minimum to order 1600 tons Maximum supply 2,000 tons	No minimums No maximums	Minimums and maximums were in effect.

I recommend the bid be awarded for the delivered bulk salt to the lower bidder, Morton Salt. Morton has been our supplier in the past and we have been satisfied with their product and delivery.

Respectfully,

Cindy L Prue
Assistant Finance Director

RE: ANNUAL BID - ROCK SALT

RESOLUTION

WHEREAS, sealed bids were received May 21, 2009 for the annual rock salt requirements; and

WHEREAS, said bids have been tabulated below and recommendations made by Cindy Prue, Asst. Finance Director, and the City Administrator; and

WHEREAS, said bids have been considered by the Adrian City Commission.

NOW, THEREFORE, BE IT RESOLVED that the annual bid for rock salt be awarded to Morton Salt of Chicago, IL for the items and amounts as listed in the bid tabulation below and under the terms and conditions as specified and as proposed in their sealed bid dated May 21, 2009.

ITEM	Morton Salt Chicago, IL
#1 Bulk Salt FOB Pickup Site	\$58.34
#2 Bulk Salt FOB Alt. Site	\$ 58.34
#1 Bulk Salt FOB Adrian, MI	\$ 58.34
ALT BID - 2 YEARS	
#1 Bulk Salt FOB Pickup Site	No Bid
#2 Bulk Salt FOB Alt. Site	No Bid
#1 Bulk Salt FOB Adrian, MI	No Bid
Pickup Site	Detroit, MI
Delivery	1 - 5 days
Moisture Percent	1.5%
Terms	Net 30 days
	No minimums No maximums

On motion by Commissioner _____, seconded by
Commissioner _____, this resolution was _____ by a
_____ vote.

CR-5

SUBJECT: Annual Cold Patch Requirements

June 9, 2009

TO: Dane C. Nelson

City Administrator

FROM: Cindy L Prue

Assistant Finance Director

I concur with the recommendation of the Assistant Finance Director to award the annual bid for cold patch requirements to Gerkin Materials of Napoleon, OH at a cost of \$92.50 per ton. This price represents a 10% increase over the current cost.

Two firms responded to the offer to bid. There are sufficient funds in the respective departments' budgets for this annual expense.


Dane C. Nelson
City Administrator

Sealed bids were received until 2:00 p.m. EDT on Thursday, May 21, 2009, at the Purchasing Office, City Hall, for the city's annual Cold Patch requirements. The following bids were received:

ITEM	Gerkin Materials Napoleon, OH	H.P. Streicher Toledo, OH	Current Pricing
Cold Patch per ton Delivered	\$ 92.50	\$97.50 (train) \$99.00 (lead)	\$ 84.40
Cold Patch per ton Pickup	\$ 92.50 (Adrian, MI)	\$ 93.00 (Addison, MI)	
Mix	LaFarge OPR	UMP	
Delivery Size	24 ton	24-50 ton	

I recommend this bid be awarded to Gerkin Materials for the listed price of \$92.50 per ton. This price represents a 10% increase over the current pricing.

Respectfully,



Cindy L Prue
Assistant Finance Director

CR09-033

June 15, 2009

RE: ANNUAL BID – COLD PATCH

RESOLUTION

WHEREAS, sealed bids were received May 21, 2009 for the annual cold patch requirements; and

WHEREAS, said bids have been tabulated and recommendations made by Cindy Prue, Asst. Finance Director, and the City Administrator; and

WHEREAS, said bids have been considered by the Adrian City Commission.

NOW, THEREFORE, BE IT RESOLVED that the annual bid for cold patch requirements be awarded to Gerkin Materials of Napoleon, OH, at a cost of \$92.50 per ton under the terms and conditions as specified and as proposed in their sealed bid dated May 21, 2009.

On motion by Commissioner _____, seconded by
Commissioner _____, this resolution was _____ by a
_____ vote.

CR-6

SUBJECT: Annual Street Castings June 9, 2009
 TO: Dane C. Nelson City Administrator
 FROM: Cindy L Prue Assistant Finance Director

I concur with the recommendation of the Assistant Finance Director to award the annual bid for street castings to East Jordan Iron Works of Oak Park, MI for the items and prices as listed in the bid tabulation below. East Jordan is the sole supplier of these products in Michigan.

There are sufficient funds in the budgets of Utilities and Public Works for this annual expense and I urge your favorable consideration authorizing this purchase.



 Dane C. Nelson
 City Administrator

DCN:bjw

Sealed bids were received until 2:00 p.m. EDT on Tuesday, June 2, 2009, for the Street Castings used by the Utilities Department and the Department of Public Works. The following bid was received:

ITEM	EAST JORDAN IRON OAK PARK, MI	Current Pricing
MANHOLE CASTINGS:		
#1490 EJIW w/lid	F: \$ 81.81 C: \$ 103.45	F: \$77.91 C: \$98.53
#1180 EJIW w/lid	F: \$180.28 C: \$105.60	F: \$171.70 C: \$100.57
#1030 EJIW w/lid	F: \$143.16 C: \$105.60	F: \$136.34 C: \$100.57
#1060 EJIW w/lid	F: \$175.99 C: \$105.60	F: \$167.61 C: \$100.57
#1046 EJIW w/lid	F: \$144.61 C: \$118.96	F: \$137.72 C: \$113.30
#1040 EJIW w/lid	F: \$166.13 C: \$118.96	F: \$158.22 C: \$113.30
MANHOLE LIDS:		
Type A	\$ 118.96	\$113.30
Type M1	\$ 110.75	\$105.48
Type M2	\$ 110.75	\$105.48
Type 01	\$ 110.75	\$110.37
#1040AGS Manhole cover	\$ 142.57	\$135.78
#1040A Manhole cover	\$ 118.97	\$113.30
#1040APT Water Tight Assbly	2 part: \$ 296.38	\$ 282.27
CATCH BASIN CASTINGS:		
#7045 w/adj back EJIW	F&B: \$ 279.44 G: \$ 94.93	F&B: \$266.13 G: \$90.41
#7065 w/driveway back	F&B: \$284.77 G: \$ 94.93	F&B: \$271.22 G: \$90.41
CATCH BASIN GRATES:		
Type M1	\$ 94.93	\$ 90.41
Type M2	\$ 150.38	\$143.22
Type M3	\$ 94.93	\$90.41

MISCELLANEOUS:		
#8560 Series EJIW	\$126.58 W/lid	\$112.70
#5BR250 EJIW	\$1,206.95	\$1,005.00
#8500 EJIW Valve Box Riser:		
1" high	\$ 15.20	\$ 13.30
1-1/2" high	\$ 18.40	\$ 16.10
2" high	\$ 20.80	\$ 18.20
2-1/2" high	\$ 23.20	\$ 20.30
3" high	\$ 26.40	\$ 23.10
Manufacturer:	EJIW	EJIW
Delivery:	3 – 10 days	

I recommend the bid be awarded to East Jordan Iron Works of Oak Park, Michigan. East Jordan is the sole supplier of this product in Michigan. We have used their product for many years and are satisfied with the product and service.

Respectfully,



Cindy L Prue
Assistant Finance Director

RE: ANNUAL BID – STREET CASTINGS

RESOLUTION

WHEREAS, sealed bids were received June 2, 2009 for the annual street casting requirements; and

WHEREAS, said bids have been tabulated and recommendations made by Cindy Prue, Asst. Finance Director, and the City Administrator; and

WHEREAS, said bids have been considered by the Adrian City Commission.

NOW, THEREFORE, BE IT RESOLVED that the annual bid for street castings be awarded to East Jordan Iron Works of Oak Park, MI, for the items and amounts as listed in the bid tabulation below and under the terms and conditions as specified and proposed in their sealed bid dated June 2, 2009.

ITEM	EAST JORDAN IRON OAK PARK, MI
MANHOLE CASTINGS:	
#1490 EJIW w/lid	F: \$ 81.81 C: \$ 103.45
#1180 EJIW w/lid	F: \$180.28 C: \$105.60
#1030 EJIW w/lid	F: \$143.16 C: \$105.60
#1060 EJIW w/lid	F: \$175.99 C: \$105.60
#1046 EJIW w/lid	F: \$144.61 C: \$118.96
#1040 EJIW w/lid	F: \$166.13 C: \$118.96
MANHOLE LIDS:	
Type A	\$ 118.96
Type M1	\$ 110.75
Type M2	\$ 110.75
Type 01	\$ 110.75
#1040AGS Manhole cover	\$ 142.57
#1040A Manhole cover	\$ 118.97
#1040APT Water Tight Assbly	2 part: \$ 296.38
CATCH BASIN CASTINGS:	
#7045 w/adj back EJIW	F&B: \$ 279.44 G: \$ 94.93
#7065 w/driveway back	F&B: \$284.77 G: \$ 94.93
CATCH BASIN GRATES:	
Type M1	\$ 94.93

Type M2	\$ 150.38
Type M3	\$ 94.93
MISCELLANEOUS:	
#8560 Series EJIW	\$126.58 W/lid
#5BR250 EJIW	\$1,206.95
#8500 EJIW Valve Box Riser:	
1" high	\$ 15.20
1-1/2" high	\$ 18.40
2" high	\$ 20.80
2-1/2" high	\$ 23.20
3" high	\$ 26.40
Manufacturer:	EJIW
Delivery:	3 - 10 days

On motion by Commissioner _____, seconded by
Commissioner _____, this resolution was _____ by a
_____ vote.

CR-7

SUBJECT: Annual Pavement Patching

June 9, 2009

TO: Dane C. Nelson

City Administrator

FROM: Cindy L Prue

Assistant Finance Director

I concur with the recommendation of the Asst. Finance Director to award the annual bid for pavement patching to Belson Asphalt Paving of Reading, MI at a cost of \$3.10 per square foot. The local bid was 12.9% higher than Belson's bid.

Three firms responded to the offer to bid. There are sufficient funds in the current budget for this annual expense.



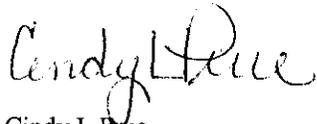
Dane C. Nelson
City Administrator

Sealed bids were received until 2:00 p.m. EDT on Tuesday, June 2, 2009, for the city's annual Pavement Patching program. The following bids were received:

BIDDER	AMOUNT
Belson Asphalt Paving Reading, MI	\$3.10 SF
Slusarski Excavating Adrian, MI	\$3.50 SF
Michigan Paving & Materials Jackson, MI	\$7.50 SF

In fiscal year 2008-09 the city spent \$13,241 for this service. At this dollar level, the local preference policy allows for a 2.5% preference to the local bidder. There is a 12.9% spread between the low bidder and the local bidder. Therefore, I recommend the bid be awarded to the low bidder, Belson Asphalt. We have used Belson Asphalt for several projects and have been satisfied with their workmanship.

Respectfully,


Cindy L Prue
Assistant Finance Director

CR09-035

June 15, 2009

RE: ANNUAL BID – PAVEMENT PATCHING

RESOLUTION

WHEREAS, sealed bids were received June 2, 2009 for the annual pavement patching requirements; and

WHEREAS, said bids have been tabulated and recommendations made by Cindy Prue, Asst. Finance Director and the City Administrator; and

WHEREAS, said bids have been considered by the Adrian City Commission.

NOW, THEREFORE, BE IT RESOLVED, that the annual bid for pavement patching be awarded to Belson Asphalt Paving of Reading, MI in the amount of \$3.10 per square foot and under the terms and conditions as specified and as proposed in their sealed bid dated June 15, 2009.

On motion by Commissioner _____, seconded by
Commissioner _____, this resolution was _____ by a
_____ vote.

CR-8



MEMORANDUM – UTILITIES DEPARTMENT

DATE: June 10, 2009
TO: Dane C. Nelson, City Administrator
FROM: Shane A. Horn, Utilities Director 
SUBJECT: Annual Bid for Ductile Iron Pipe and Fittings

I concur with the recommendations of the Utilities Director to award the bid for ductile iron pipe and tapping sleeves to Kuhlman Corporation of Maumee, OH and pipe fittings and valves to Etna Supply of Grand Rapids, Michigan for the items and prices as listed in the attached bid tabulation.

Five firms responded to the offer to bid. There are sufficient funds in the Utilities Department Operating & Maintenance budget for this annual expense.



Dane C. Nelson
City Administrator

DCN:bjw

Sealed bids were received at the purchasing office on May 28, 2009 for the annual purchase of ductile iron pipe and fittings. Attached is a memo from Steve Eberle, O&M Superintendent with a recommendation of award. I respectfully recommend that all ductile iron pipe and tapping sleeves be awarded to Kuhlman Corporation of Maumee, OH. Kuhlman Corporation was the low bidder for these items. I respectfully recommend that all ductile iron pipe fittings and valves be awarded to Etna Supply of Grand Rapids. Etna Supply of Grand Rapids was the low bidder for these items.

cc: Jeff Pardee, Finance Director
Steve Eberle, O&M Superintendent

CITY OF ADRIAN, MICHIGAN
D.I. PIPE & FITTINGS
DUE DATE: MAY 28, 2009

ITEM	HD Supply Ypsilanti, MI	East Jordan Iron Oak Park, MI	Etna Supply Grand Rapids, MI	Kuhlman Corp Maumee OH	Michigan Pipe Jackson,MI
Pipe:					
6" Class 52 DI	\$ 13.60 ft	\$ 13.17	\$ 15.65	\$ 12.77	\$13.23
8" Class 52 DI	\$ 18.45 ft	\$ 17.94	\$ 21.35	\$ 17.29	\$18.02
10" Class 52 DI	\$ 24.00 ft	\$ 23.48	\$ 27.95	\$ 22.87	\$23.58
12" Class 52DI	\$ 31.00 ft	\$ 29.59	\$ 35.20	\$ 28.59	\$29.72
Manufacturer:					
MJ DI Fittings w/hdwr					
6"x18" Anchor Coup	\$123.50	\$138.62	\$123.10	\$ 95.00	\$159.90
6" Anchor 90deg. Bend	\$155.00	\$168.86	\$156.10	\$148.00	\$141.68
6" 22.5 deg. Bend	\$105.04	\$103.44	\$ 89.20	\$ 95.00	\$102.72
6" 45 deg. Bend	\$111.04	\$109.20	\$ 87.20	\$103.00	\$100.69
6" 90 deg. Bend	\$126.04	\$123.60	\$ 96.70	\$115.00	\$110.31
8" 45 deg. Bend	\$147.44	\$141.12	\$128.72	\$133.00	\$143.70
8" 22.5 deg. Bend	\$145.44	\$139.26	\$129.72	\$132.00	\$144.72
8" 90 deg. Bend	\$172.94	\$168.48	\$143.72	\$155.00	\$158.88
10" 22.5 deg. Bend	\$203.76	\$198.88	\$166.88	\$185.00	\$190.26
10" 45 deg. Bend	\$207.76	\$202.72	\$169.38	\$189.00	\$192.79
10" 90 deg. Bend	\$256.76	\$249.76	\$205.88	\$229.00	\$229.72
4" Retaining glands	\$ 17.98	\$ 19.39	\$ 21.75	\$ 16.00	\$ 17.70
6" Retaining glands	\$ 21.15	\$ 22.81	\$ 27.31	\$ 20.00	\$20.82
8" Retaining glands	\$ 32.26	\$ 34.80	\$ 39.05	\$ 30.00	\$ 31.76
10" Retaining glands	\$47.74	\$ 51.51	\$ 53.83	\$ 44.00	\$ 47.03
4"x6" reducer	\$87.52	\$ 84.04	\$ 76.05	\$ 79.00	\$ 88.55
6"x8" reducer	\$125.74	\$117.24	\$ 98.71	\$116.00	\$112.84
8"x6" tee	\$221.18	\$217.80	\$181.07	\$205.00	\$202.91
6"x6" tee	\$185.06	\$181.56	\$136.55	\$165.00	\$156.86
8"x8" tee	\$256.00	\$249.60	\$197.08	\$226.00	\$219.60
10"x6" tee	\$275.28	\$268.84	\$229.73	\$241.00	\$260.08
10"x8" tee	\$309.98	\$302.08	\$238.74	\$271.00	\$269.70
Manufacturer:					
MJ Valves w/hdwr					
4" Wedge Gate Valve	\$341.64	\$310.67	\$251.21	\$310.00	\$300.34
6" Wedge Gate Valve	\$432.09	\$392.86	\$320.77	\$380.00	\$378.54
8" Wedge Gate	\$667.09	\$612.93	\$510.57	\$600.00	\$597.87

Valve					
10" Wedge Gate Valve	\$1,045.19	\$945.01	\$796.13	\$905.00	\$922.66
12" Wedge Gate Valve	\$1,313.53	\$1,186.67	\$1,007.40	\$1,150.00	\$1,159.47
16" Wedge Gate Valve	\$4,275.04	\$3,867.60	\$3,700.71	\$3,875.00	\$3,822.58
Manufacturer:					
MJ Tapping Valves					
6" Wedge Gate Valve	\$583.15	\$539.41	\$447.45	\$507.00	\$503.32
8" Wedge Gate Valve	\$855.13	\$784.68	\$664.73	\$750.00	\$742.46
10" Wedge Gate Valve	\$1,302.51	\$1,207.39	\$1,002.25	\$1,125.00	\$1,134.00
Manufacturer					
Tapping Sleeve					
6" x 4"	\$535.02	\$525.15	\$391.31	\$381.00	\$482.66
6" x 6"	\$573.19	\$541.80	\$446.25	\$426.00	\$497.60
8" x 4"	\$532.00	\$548.55	\$405.16	\$374.00	\$494.76
8" x 6"	\$597.42	\$592.65	\$450.61	\$427.00	\$535.27
8" x 8"	\$765.09	\$727.20	\$559.83	\$531.00	\$654.71
10" x 4"	\$638.80	\$625.50	\$439.99	\$421.00	\$570.12
10" x 6"	\$650.00	\$678.15	\$477.89	\$455.00	\$575.09
10" x 8"	\$778.43	\$828.00	\$605.95	\$574.00	\$754.21
12" x 6"	\$705.81	\$782.55	\$572.75	\$533.00	\$607.22
12" x 8"	\$841.29	\$982.80	\$692.51	\$649.00	\$831.59
Manufacturer:					
Delivery	7 days	3 – 10 days	10 days	10 days	7 – 10 days

CR09-036

June 15, 2009

RE: UTILITIES DEPARTMENT –Annual Bids for Ductile Iron Pipe and Fittings

RESOLUTION

WHEREAS, on May 28, 2009, the Purchasing Office received a total of five (5) bids for ductile iron pipe and tapping Sleeves, and ductile iron pipe fittings and valves; and

WHEREAS, the Utilities Director and City Administrator recommend acceptance of the low bid for each product category, specifically:

Ductile Iron Pipe and Tapping Sleeves	Kuhlman Corporation, Maumee, OH
Ductile Iron Pipe Fittings and Valves:	Etna Supply, Grand Rapids, MI

WHEREAS, the Finance Director indicates that sufficient funds are available in the Sewer and Water Funds FY2009-10 Budget for this purpose.

NOW, THEREFORE, BE IT RESOLVED that the Adrian City Commission, by this resolution, hereby authorizes the acceptance of the bid recommendations detailed above for the FY2009-10 Fiscal Year, specifically:

Ductile Iron Pipe and Tapping Sleeves	Kuhlman Corporation, Maumee, OH
Ductile Iron Pipe Fittings and Valves	Etna Supply, Grand Rapids, MI

On motion by Commissioner _____, seconded by
Commissioner _____, this resolution was _____
by a _____ vote.

CR. 9

DATE: June 11, 2009

TO: Honorable Mayor and City Commissioners

FROM: Dane C. Nelson, City Administrator

SUBJECT: Limestone Requirements

I concur with the recommendation of the Assistant Finance Director to award the annual limestone bid to Van Brunt Transport of Onsted, MI for the items and prices as listed in the attached bid tabulation. The low bidder, Springville Truck of Hillsdale, MI, was unable to deliver the amount of limestone needed by city crews, but we have agreed to use Springville Truck as a backup supplier if VanBrunt couldn't make delivery.

Five firms responded to the offer to bid. There are sufficient funds in the respective departments' budgets for this annual expense.



Dane C. Nelson
City Administrator

DCN:bjw

CR-9

SUBJECT: Annual Limestone Requirements

June 10, 2009

TO: Dane C. Nelson

City Administrator

FROM: Cindy L Prue

Assistant Finance Director

Sealed bids were received until 2:00 p.m. EDT on Thursday, May 28, 2009, at the Purchasing Office, City Hall for the city's annual Limestone requirements. The following bids were received:

ITEM	Springville Truck Hillsdale, MI	Van Brunt Transport Onsted, MI	Gentner Saline, MI	Aggregate Industries Kalamazoo, MI	Gerkin Materials Adrian, MI
FOB City Storage:					
#1 Limestone	\$12.90 ton	\$ 12.30 ton	\$ 12.95 per ton		\$ 18.25
#2 Limestone	\$12.90 ton	\$ 12.30 ton	\$ 12.95 per ton	\$ 11.65	\$ 18.25
#4 Limestone	\$12.90 ton	\$ 12.50 ton	\$12.95 per ton	\$11.65	\$ 18.25
#6 Limestone	\$13.25 ton	\$ 13.50 ton	\$13.25 per ton		\$ 18.25
#411 Limestone	\$10.50 ton	\$ 10.55 ton	\$ 10.50 per ton	\$11.65	\$ 16.50
#304 Limestone	\$10.50 ton	\$ 10.55 ton	\$ 10.50 ton	\$11.85	\$ 16.50
FOB Adrian Sites:					
#1 Limestone	\$12.90 ton	\$ 12.30 ton	\$13.15 per ton		
#2 Limestone	\$12.90 ton	\$ 12.30 ton	\$13.15 per ton	\$12.15	
#4 Limestone	\$12.90 ton	\$ 12.50 ton	\$13.15 per ton	\$12.15	
#6 Limestone	\$13.25 ton	\$ 13.50 ton	\$13.45 per ton		
#411 Limestone	\$10.50 ton	\$ 10.55 ton	\$10.70 per ton	\$12.15	
#304 Limestone	\$10.50 ton	\$ 10.55 ton	\$10.70 per ton	\$12.35	
FOB Pickup:					
#1 Limestone	\$12.90 ton				\$ 15.75
#2 Limestone	\$12.90 ton			\$ 7.40 ton	\$ 15.75
#4 Limestone	\$12.90 ton			\$ 7.40 ton	\$ 15.75
#6 Limestone	\$13.25 ton				\$ 15.75
#411 Limestone	\$10.50 ton			\$ 7.40 ton	\$ 14.00
#304 Limestone	\$10.50 ton			\$ 7.60 ton	\$ 14.00
Delivery	30-40 hours 4-5 truck/day 49T/truck	1 - 2 days 45T/truck	1 day 40 trucks/day 47T/truck	1 day 6-10 truck/day 50T/truck	4 days 8 truck/day 29T/truck
Discount	\$.20 per ton if Net 20	\$.10 per ton if Net 20			
Misc Charges	None	None	None.	None	None

In speaking with the low bidder, it was discovered that this is a one person company and can only provide us with a maximum delivery of 4 to 5 train loads of limestone per day. In the height of construction season, we typically need 8 to 10 train loads per day. The product we use 90% of the time is the #304 and #411 stone. For the \$0.05 per ton difference between the low bidder and the second bidder, I recommend the bid be awarded to the bidder who can meet our needs. Therefore, I recommend the bid be awarded to Van Brunt Transport for the amounts listed above. Springville Truck would like to be used for our backup supplier if Van Brunt runs to any problems delivering product.

Respectfully,

A handwritten signature in cursive script that reads "Cindy L Prue".

Cindy L Prue
Assistant Finance Director

RE: ANNUAL BID – LIMESTONE

RESOLUTION

WHEREAS, sealed bids were received May 28, 2009 for the annual requirements for limestone; and

WHEREAS, said bids have been tabulated and recommendations made by the Asst. Finance Director and the City Administrator; and

WHEREAS, said bids have been considered by the Adrian City Commission.

NOW, THEREFORE, BE IT RESOLVED that the annual bid for limestone be awarded to Van Brunt Transport of Onsted, MI and that Springville Truck of Hillsdale, MI be used as the backup supplier for the items and amounts as listed in the bid tabulation below and under the terms and conditions as specified and as proposed in their sealed bid dated May 28, 2009.

ITEM	Van Brunt Transport Onsted, MI	Springville Truck Hillsdale, MI
FOB City Storage:		
#1 Limestone	\$ 12.30 ton	\$12.90 ton
#2 Limestone	\$ 12.30 ton	\$12.90 ton
#4 Limestone	\$ 12.50 ton	\$12.90 ton
#6 Limestone	\$ 13.50 ton	\$13.25 ton
#411 Limestone	\$ 10.55 ton	\$10.50 ton
#304 Limestone	\$ 10.55 ton	\$10.50 ton
FOB Adrian Sites:		
#1 Limestone	\$ 12.30 ton	\$12.90 ton
#2 Limestone	\$ 12.30 ton	\$12.90 ton
#4 Limestone	\$ 12.50 ton	\$12.90 ton
#6 Limestone	\$ 13.50 ton	\$13.25 ton
#411 Limestone	\$ 10.55 ton	\$10.50 ton
#304 Limestone	\$ 10.55 ton	\$10.50 ton
FOB Pickup:		
#1 Limestone		\$12.90 ton
#2 Limestone		\$12.90 ton
#4 Limestone		\$12.90 ton
#6 Limestone		\$13.25 ton
#411 Limestone		\$10.50 ton
#304 Limestone		\$10.50 ton
Delivery	1 – 2 days 45T/truck	30-40 hours 4-5 truck/day 49T/truck
Discount	\$.10 per ton if Net 20	\$.20 per ton if Net 20
Misc Charges	None	None

On motion by Commissioner _____, seconded by
 Commissioner _____, this resolution was _____ by a
 _____ vote.

CR-10

DATE: June 11, 2009
TO: Honorable Mayor and City Commission
FROM: Dane C. Nelson, City Administrator
SUBJECT: Janitorial Services

I concur with the recommendation of the Assistant Finance Director to award the bid for janitorial services at Piotter Center to TTB Cleaning of Tipton, MI at a cost of \$1,900/mo. and to Clean Care of Toledo, OH for the new City Hall and the Adrian Public Library at a cost of \$1,987/mo. and \$1,969/mo., respectively.

Six firms responded to the offer to bid. There are sufficient funds in the current budget for this expense.



Dane C. Nelson
City Administrator

CR-10
SUBJECT: Janitorial Service

June 10, 2009

TO: Dane C. Nelson

City Administrator

FROM: Cindy L Prue

Assistant Finance Director

Sealed bids were received until 2:00 p.m. EDT on Thursday, May 21, 2009, for Janitorial Services at Adrian Public Library, Piotter Senior Center and the new City Hall. Attached is a copy of the bid tabulation.

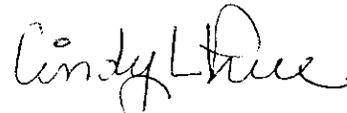
Currently, janitorial service is contracted for City Hall and an employee at the library and Piotter Center are responsible for the janitorial care at those buildings. As a cost savings measure, a bid was solicited for services at all three of these locations. The services at city hall were asked to begin upon the move to the new facility, services at Piotter Center to begin upon the anticipated retirement of that employee at the beginning of March 2010 and services at the Library to begin July 1, 2009. Based on recommending the low bidder for each building, following is a cost comparison using current employee costs compared to pricing received.

	<u>Employee Cost</u>	<u>Contracted Cost</u>	<u>Projected Annual Savings</u>
LIBRARY:	\$ 33,570	\$ 23,628	\$ 9,942
PIOTTER CENTER	\$ 45,448	\$ 22,800	\$22,648

City Hall services are currently contracted out at an annual cost of \$19,476; the pricing for the new building will be \$23,844. It was anticipated that the cost for city hall services would increase some with the new building being more square footage and the requirement of having a better job done in maintaining the facility.

After checking references on both companies, I recommend the bid for janitorial services at Piotter Center be awarded to TTB Cleaning in the amount of \$1,900 monthly. I also recommend the bid for services at the new City Hall and Adrian Public Library be awarded to Clean Care for \$1,987 monthly and \$1,969 monthly, respectively. The services at city hall will begin upon the move and services at Adrian Public Library will begin July 1, 2009.

Respectfully,



Cindy L Prue
Assistant Finance Director

BIDDER	CITY HALL	PIOTTER	LIBRARY	HRLY-EXTRAS	HRLY-EVENTS	HRLY-WEEKEND
TTB Cleaning Tipton	\$3,430 per mo \$ 41,160 annual	\$1,900 per mo \$22,800 annual	\$3,150 per mo \$37,800 annual	\$ 20.00	\$20.00	\$20.00
Perfection Services Tekonsha, MI	\$3,553 per mo \$ 42,636 annual	\$2,447.73 per mo \$29,272.75 annual	\$2,227.73 per mo \$29,272.75 annual	\$ 16.15	\$ 16.15	\$ 16.15
Alba Cleaning Berkley MI	\$2,286 per mo \$27,432 annual	\$2,100 per mo \$25,200 annual	\$2,180 per mo \$26,160 annual	\$ 15.00	\$ 15.00	\$ 15.00
All Aspects Clean Blissfield MI	\$2,400.25 per mo \$28,803 annual	\$2,484.17 per mo \$29,810 annual	\$2,379.42 per mo \$28,553 annual	\$ 12.39	\$ 12.39	\$ 12.39
Clean Care Toledo OH	\$1,987 per mo \$23,844 annual	\$2,287 per mo \$27,444 annual	\$1,969 per mo \$23,628 annual	\$ 13.50	\$ 13.50	\$ 20.25
ServiceMaster Adrian MI	\$4,587.42 per mo \$55,049 annual	\$2,732.33 per mo \$32,788 annual	\$2,293.67 per mo \$27,524 annual	\$ 12.00	\$ 12.00	\$ 12.00

**CITY OF ADRIAN, MICHIGAN
POSITION COSTS**

	<u>Piotter Custodian</u>	<u>Library Custodian</u>
WAGES	\$ 36,400.00	\$ 29,441.88
FICA	\$ 2,784.60	\$ 2,252.30
Hospitalization	\$ 600.96	\$ 0.00
Life Insurance	\$ 102.12	\$ 27.60
RHS	\$ 777.36	\$ 0.00
Pension	\$ 3,872.96	\$ 883.26
Workers Comp	\$ 706.16	\$ 761.07
Unemployment	\$ 203.40	\$ 203.40
ANNUAL EMPLOYEE COST	\$ 45,447.56	\$ 33,569.51
 To Breakeven: Need to contract service for less than this per month	 \$ 3,787.30	 \$ 2,797.46

CR08-038

June 15, 2009

RE: JANITORIAL SERVICES – Piotter Center, Adrian Public Library and New City Hall

RESOLUTION

WHEREAS, sealed bids were received May 21, 2009 for janitorial service at Piotter Center, Adrian Public Library and the new City Hall; and

WHEREAS, said services have been tabulated and recommendations made by the Assistant Finance Director and the City Administrator; and

WHEREAS, said bids have been considered by the Adrian City Commission.

NOW, THEREFORE, BE IT RESOLVED that the bid for janitorial services at Piotter Center be awarded to TTB Cleaning of Tipton, MI in the amount of \$1,900 per month and to Clean Care of Toledo, OH for the new City Hall and the Adrian Public Library at a monthly cost of \$1,987 and \$1,969, respectively.

On motion by Commissioner _____, seconded by
Commissioner _____, this resolution was _____ by a
_____ vote.

REGULAR

AGENDA

R-1



143 E. Maumee St. • Adrian, Michigan 49221-2773

Adrian Public Library

(517) 265-2265 • Fax (517) 265-8847
www.adrian.lib.mi.us

June 5, 2009

To: Honorable Mayor Gary McDowell and City Commission

From: Carol Souchock, Adrian Public Library Director

CC: Dane Nelson, City Administrator and Jeff Pardee, Finance Director

Re: Adrian Public Library – Library Fees and Fines

The Adrian Public Library, along with other city departments, recently conducted a thorough analysis of all fees and fines. After careful consideration and discussion with city administration, I propose the following adjustments to our fees and fines. Please note that additional fee and fine adjustments may be forthcoming. The anticipated revenue adjustments for the following changes have been reflected in the library's revenue projections for FY 2009-2010.

Fee & Fine	Proposed	Current
Non-resident Library Card	\$40/year per family	\$25/year per family
Copies- Black	.15 cents	.10 cents
Copies – Color	.25 cents	\$1.00
Overdue Fines	.10 per day for books/magazines/ book on CD/book on tape	.5 cents per day
Room Rental	For Profit organizations: \$50/four hours or less, \$100 more than four hours Fees for special programs can be charged at the discretion of the Library Director.	\$25/\$50

I request permission from the City Commission to make the adjustments listed above to the fees and fines assessed at the Adrian Public Library effective July 1, 2009. The attached resolution has been prepared for consideration by the City Commission at their meeting of June 15, 2009. If you have any questions or need for further information, please contact my office.

RE: ADRIAN PUBLIC LIBRARY – Library Fees and Fines Schedule

RESOLUTION

WHEREAS, the Adrian Public Library, along with other city departments, recently conducted a thorough analysis of all fees and fines; and

WHEREAS, the Library Director recommends adoption of the following Schedule of Fees and Fines to be effective July 1, 2009:

<u>Description</u>	<u>Proposed</u>	<u>Current</u>
Non-Resident Library Card	\$40/year per family	\$25/year per family
Copies – Black	\$.15 each	\$.10 each
Copies – Color	\$.25 each	\$1.00 each
Overdue Fines (for books/magazines/books on CD/books on tape)	\$.10 per day	\$.05 per day
Room Rental (For-Profit Organizations)	\$50/\$100 Four Hours or Less/More than Four Hours	\$25/\$50

Fees for Special Programs can be charged at the discretion of the Library Director; and

WHEREAS, the Finance Director indicates that the anticipated revenue resulting from the foregoing changes are reflected in the Library’s estimated revenue for FY2009-10 and, therefore, no budget amendment is necessary; and

WHEREAS, the Library Director and City Administrator recommend approval of this resolution and adoption of the proposed Fee and Fine Schedule for the Adrian Public Library, effective July 1, 2009.

NOW, THEREFORE, BE IT RESOLVED that the Adrian City Commission, by this resolution, hereby authorizes the adoption of the following Schedule for Adrian Public Library Fees and Fines, effective July 1, 2009:

<u>Description</u>	<u>Proposed</u>	<u>Current</u>
Non-Resident Library Card	\$40/year per family	\$25/year per family
Copies – Black	\$.15 each	\$.10 each
Copies – Color	\$.25 each	\$1.00 each
Overdue Fines (for books/magazines/books on CD/books on tape)	\$.10 per day	\$.05 per day
Room Rental (For-Profit Organizations)	\$50/\$100 Four Hours or Less/More than Four Hours	\$25/\$50

Fees for Special Programs can be charged at the discretion of the Library Director

On motion by Commissioner _____, seconded by Commissioner _____, this resolution was _____ by a _____ vote.

R-2

R09-102

June 15, 2009

RESOLUTION

WHEREAS, the City of Adrian desires to continue provisions of Dial-A-Ride service, and,

WHEREAS, a Project Authorization has been proposed which provides financial assistance for such service, effective October 1, 2008 and expires September 30, 2009, not to exceed 16.0% of the estimated eligible costs or 67,445, and,

WHEREAS, the maximum amount to be paid will not exceed 16% of the audited costs unless additional funds become available at which time a grant amendment and revised project authorization will be prepared, and,

WHEREAS, if Section 5311 operating assistance funds are insufficient to reimburse at 16% of audited costs, a new reimbursement percentage will be calculated for all participating agencies, now, therefore be it,

RESOLVED, that the City Commission of the City of Adrian does hereby approve the proposed Agreement No. 2007-0156, Authorization No. Z4/R1 for FY 2009 Section 5311 Operating Assistance, and be it,

FURTHER RESOLVED, that the monies from this grant be given to Adrian Dial-A-Ride in accordance with the terms of the Contract, and,

HEREBY, authorize the Mayor, Gary E McDowell and City Clerk, Pat Baker to execute Authorization #Z4/R1 for and on behalf of the City of Adrian.

On motion by Commissioner _____, seconded by
Commissioner _____, this resolution was _____ by a
_____ vote.

Date: May 4, 2009
Agreement No.: 2007-0156
Authorization No.: Z4/R1
Project No.: 105183
Agenda: SAB

**REVISED PROJECT AUTHORIZATION
CITY OF ADRIAN
FY 2009 SECTION 5311 OPERATING**

This information is required by the Michigan Department of Transportation (MDOT) in order to record agreement of utilization of funds provided by the Federal Transit Administration, United States Department of Transportation and MDOT. The funds provided shall be used by the AGENCY in accordance with the above referenced Master Agreement.

Authorization Effective Date: October 1, 2008
Authorization Expiration Date: September 30, 2009
Fiscal Year of Effective Contract Clauses: 2009

The Federal Grant associated with the PROJECT AUTHORIZATION is MI-18-X047.
Grant Year: 2009 Federal Item Number: WK0046 Project is not R&D.

The Catalog of Federal Domestic Assistance Number for the Federal Transit Administration Formula Grants for Other Than Urbanized Areas Program is 20.509.

Funding reflects the amount of funds currently available under the Federal Appropriation. If additional funds become available, a grant amendment and revised project authorization will be prepared.

Payments to the AGENCY under this PROJECT AUTHORIZATION will be based on 16% of the estimated eligible costs, which are \$67,445. The maximum amount to be paid will not exceed 16% of the AGENCY'S audited costs. If Section 5311 operating assistance funds are insufficient to reimburse at 16% of audited costs, a new reimbursement percentage will be calculated for all participating agencies.

In accordance with Section 7 of the Agreement, the dollar amount for third party contracts as identified in COMMISSION policy is \$25,000. All agencies who are not self-certified must submit third party contracts over \$25,000 to MDOT for approval. Please refer to Section 7 in the Master Agreement for competitive bidding requirements.

The AGENCY will be financially and legally responsible for the terms and conditions of the 5333(b) labor warranty as agreed to in your annual application.

The AGENCY agrees to prepare and furnish to MDOT quarterly operating assistance reports via the Public Transportation Management System (PTMS). Instructions on preparing the report are available in the "Local Public Transit Revenue and Expense Manual" (October 1, 2008 through September 30, 2009). The manual is available on the web at www.michigan.gov/mdotptd.

The purpose of Revision 1 is to increase operating assistance funds by \$26,978.

Funding source:

2009/7509 \$67,445 (F)

Checklists: 2009-85
2009-182



CITY OF ADRIAN

Signature

Print Name and Title

Signature

Print Name and Title

MICHIGAN DEPARTMENT OF TRANSPORTATION

Title: Bureau Director
Bureau of Passenger Transportation

RE: DEPARTMENT OF COMMUNITY DEVELOPMENT – Acceptance of Community Development Block Grant Award (CDBG Grant # MSC-2009-0486-HO) from Michigan State Housing Development Authority

RESOLUTION

WHEREAS the Adrian City Commission, by Resolution #R09-058 dated March 16, 2009, authorized the Community Development Department (CDBG) to submit a Community Development Block Grant application for \$300,000 to the Michigan State Housing Development Authority (MSHDA) for downtown rental rehabilitation; and

WHEREAS MSHDA has authorized a CDBG grant award (CDBG Grant # MSC-2009-0486-HO) in the amount of \$359,700, including \$64,700 for administrative costs, for the period June 1, 2009 through December 31, 2011; and

WHEREAS grant match requirements are in the form of private investment of participating property owners in the amount of \$232,700 for individual rehabilitation projects; there are no public funds grant match requirements; and

WHEREAS The City of Adrian will use the funds to assist landlords with the creation of seven (7) new rental units and rehabilitation of two (2) existing rental units located in downtown Adrian (Lenawee County); and

WHEREAS the City of Adrian commits to compliance with Local Program Guidelines (copy attached); and

WHEREAS The Community Development Director and City Administrator recommend approval of this resolution, including appropriate budget adjustments.

NOW, THEREFORE, BE IT RESOLVED that the Adrian City Commission hereby authorizes the acceptance of the CDBG grant award (CDBG Grant # MSC-2009-0486-HO) in the amount of \$359,700, including \$64,700 for administrative costs, for the period June 1, 2009 through December 31, 2011, and pledges compliance with Local Program Guidelines.

BE IT FURTHER RESOLVED that the FY2009-10 Budget and General Appropriations Act be amended as follows:

Community Development Fund (Fund #275)

Revenue:

(275-000.00-530.000)	CDBG Grant – Downtown Rental Rehab	\$359,700
(275-000.00-676.000)	CDBG Grant – Private Contributions	<u>232,700</u>
	Total	<u>\$592,400</u>

Expenditures:

(275-827.00-823.000)	CDBG Grant – Housing Rehabilitation	\$527,700
(275-827.00-956.000)	CDBG Grant – Admin. & Accounting	<u>64,700</u>
	Total	<u>\$592,400</u>

On motion by Commissioner _____ seconded by
Commissioner _____, this resolution was adopted by a
_____ vote.



MEMO

DATE: 6/2/2009

TO: Chris Atkin

FROM: Sue Laughlin

SUBJECT: Grant Award MSC 2009-0486-HO

Chris

Attached are the grant documents for the Downtown Rental Rehabilitation Program for review and acceptance by the City Commission. Thank you



STATE OF MICHIGAN

JENNIFER M. GRANHOLM GOVERNOR MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
LANSING

KEITH MOLIN
EXECUTIVE DIRECTOR

May 12, 2009

Mr. Gary McDowell, Mayor
City of Adrian
100 East Church Street
Adrian, MI 49221-0000

RE: Announcement of Funding Award Grant # MSC-2009-0486-HO, Required Documentation and OPAL

Dear Mr. McDowell:

Congratulations! The Michigan State Housing Development Authority (MSHDA) has approved your request for MSHDA funds in the amount of \$359,700. The purpose of this letter is to inform you of the documentation needed to initiate this grant, and how to manage it on the On-line Project Administration Link (OPAL).

Enclosed you will find the following documents necessary to initiate your grant:

- A Grant Agreement (two originals)
- An Authorized Signature Designation Form

Return one original Grant Agreement, one original Authorized Signature Designation, and a reply to the special conditions (if identified in the grant agreement) within 45 days to Kerri Nobach at the Michigan State Housing Development Authority, PO Box 30044, Lansing, MI 48909.

Executing the Grant Agreement

Your agency's highest elected official [County Chairperson or Mayor] must sign the grant agreements before a witness. Others are permitted to sign IF they have been specifically designated by your agency's governing body to act on their behalf. Evidence supporting this designation must be submitted with the signed grant documents. **NOTE: MSHDA will NOT allow consultants and/or third-party administrators to be designated to act on behalf of the governing body.**

Authorized Signature Designation Form

The Authorized Signature Designation Form formally identifies and designates the person or persons authorized to sign and/or submit grant related reports, forms, and documents on behalf of the governing board. Each signatory must sign in the appropriate spaces on the form next to his or her printed or typed name. **NOTE: MSHDA will NOT allow consultants and/or third-party administrators to be designated as authorized signatories.**



May 12, 2009
City of Adrian
Page Two

MANAGING YOUR GRANT USING OPAL

MSHDA's Office of Community Development utilizes OPAL to manage our application and grant process on-line. MSHDA has identified you, the recipient of this letter, as your agency's Authorized Official. By now you should have received written notification of your user name and password for OPAL. If not, please contact your CD Specialist.

Logging onto OPAL

Using your Internet web-browser, use the following address to access OPAL: <http://www.mshda-opal.org/login.asp>. Upon entering your user name and password you will be taken to the OPAL "Start Menu". Please log-in to familiarize yourself with the system.

Under no circumstances should users share their passwords or log onto OPAL using another person's user name and password. **DOING SO MAY JEOPARDIZE THE SECURITY OF THE SYSTEM AND THESE GRANT FUNDS. FAILURE TO COMPLY WITH THIS RULE MAY RESULT IN THE RECAPTURE OF GRANT FUNDS.** If you need assistance you may contact your CD Specialist.

Utilizing the Resources

Grantee User Manual. It is recommended that anyone using OPAL consult the Grantee User Manual. The manual may be accessed through the "Start Menu" screen, lower right-hand corner, under the word "Downloads" click on "Manuals, Applications, etc." This link will contain the most up-to-date version of the manual. You may print the manual at any time; however, you should compare the version date of your printed manual to the version date on the website to be sure you are using current information.

Help on Every Page. There is a "Help" link in the navigation bar at the top of each screen. Clicking on "Help" will reveal page-specific information that has been written to provide guidance in using the system.

OPAL Help Desk. Should you experience technical difficulties with OPAL, contact the Help Desk at 1-800-820-1890 or via email at helpdesk@agatesoftware.com.

Your CD Specialist.

You should always feel free to contact your CD Specialist, Diane Karkau, at (517) 241-2852.

May 12, 2009
City of Adrian
Page Three

Assigning Staff to Administer This Grant

When this grant was awarded, MSHDA assigned a member of your agency as the Grant Administrator. Once the grant documents are returned, MSHDA will enter the Authorized Signers into OPAL. The Grant Administrator and Authorized Signers have the ability to give other agency members or other people outside of the agency, access to the grant. To be given access to a grant, that person must already exist on OPAL and be active within the system. Please refer to Section 7 of the Grantee User Manual – Grant Users Access to a Grant to complete this process.

Financial Status Report/Payment Requests (FSR/PR):

Payment Requests will be submitted on-line through OPAL. Both the Grant Administrator and Authorized Signer(s) are permitted to create an FSR/PR, however, only an Authorized Signer is permitted to submit an FSR/PR.

Payment Requests must be submitted at least quarterly, but not more frequently than monthly. The request should cover expenses for the previous quarter or month and should be submitted by the 15th of the month following the report period.

Please do not incur any project costs, make financial commitments, or enter into any negotiations until all required environmental reviews are completed and approved, and grant funds are formally released.

Quarterly Progress Reports (QPR's)

Since the projects completed with this grant will be set-up and completed on OPAL, your agency is not required to submit QPR's; MSHDA will simply pull the information from the system on a quarterly basis.

Keep in mind that any deviations from the terms or conditions of the Grant Agreement, including budget allocations, must be requested and approved by the Office of Community Development staff through OPAL. I congratulate you on receiving this award.

Sincerely,



William Parker, Director of Field Services
Office of Community Development

cc: Diane Karkau, CD Specialist

Enclosures

CDBG Grant #: MSC-2009-0486-HO

Effective Date: 6/1/2009

Source of Funds: **CDBG Federal – CFDA #14.228**

CDBG GRANT AGREEMENT

BETWEEN

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

AND

CITY OF ADRIAN

COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)

GRANT AGREEMENT BETWEEN

**THE MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
AND
CITY OF ADRIAN**

I. GRANT OFFER

The Michigan State Housing Development Authority (the "Authority"), acting pursuant to the federal Community Development Act Of 1974, as amended (the "Act"), hereby offers to City of Adrian (hereinafter the "Grantee"), grant assistance subject to the availability of federal Community Development Block Grant (CDBG) funds, terms, conditions, and limitations as set

The maximum amount of grant assistance hereby offered is \$359,700.

The term of work performance by the Grantee under this grant agreement is 6/1/2009 to 12/31/2011. The Authority will provide CDBG funds for the Grantee's eligible expenses in accordance with the attached Conditions.

Dated this 20th day of May, 2009



Keith Molin
Executive Director
Michigan State Housing Development Authority

The foregoing Grant Offer is hereby accepted and it is agreed that the funds provided will be used only as set forth in the Grant Agreement.

Dated this 1st day of June, 2009

WITNESSED BY: CITY OF ADRIAN



Witness Signature



Authorized Official Signature

Gary McDowell, Mayor, City of Adrian

Type Name and Title of Authorized Official

II. GRANT TERMS

The Authority and the Grantee agree as follows:

1. The Grantee shall implement or continue the activities within the projected budget and time frame (the "Grant Term") and in accordance with any special terms and conditions for funding more specifically described and stated in "Exhibit A", which is attached and incorporated herein by reference.
2. The Grantee shall:
 - a. Expend all CDBG program funds in accordance with the requirements of 24 CFR 570 pertaining to eligible project costs for the CDBG program.
 - b. Comply with all the requirements now or hereafter in effect for Title II of the Community Development Act of 1974, the CDBG program, and the regulations appearing at Section 24, Part 570 of the Code of Federal Regulations (24 CFR 570 et seq.), including, but not limited to, the assurances and certifications contained in Section 30 of this Agreement.
 - c. Comply with such further statutory, regulatory, and contractual requirement(s) now or hereafter in effect as may be applicable to the receipt and expenditure of CDBG Funds, as administered by the U.S. Department of Housing and Urban Development and the Authority.
 - d. Utilize grant funds for the approved activities (excluding administration) at the following minimum expenditure rate, by the end of the:
 - 2nd quarter of the Grant Term, 15% expended; and
 - 4th quarter of the Grant Term, 40% expended; and
 - 6th quarter of the Grant Term, 75% expended; and
 - 8th quarter of the Grant Term, all grant funded activities substantially complete.

The Authority expects all activities to be substantially complete within the first 24 months of the Grant Term. Funds not committed and/or expended in accordance with this schedule may be recaptured by the Authority.

To account for occasional, unavoidable delays in some activities, the final two quarters of the Grant Term are for final reporting on grant progress and activities.

3. **Effective Date.** The effective date of this Agreement is 6/1/2009. Unless otherwise extended, suspended, or terminated by the Authority, this Agreement shall remain in effect until such time as the Grantee has (1) expended or returned to the Authority the funds authorized hereunder; and (2) met all terms and conditions for the receipt of funds pursuant to this Agreement.
4. **Disbursement of Funds.** The Grantee agrees that disbursement(s) under this Agreement shall be made in accordance with Authority established schedules and procedures. The Grantee further agrees that in the event no funds are disbursed within six (6) months of the effective starting date as stated in Paragraph 3 above, the funds authorized pursuant to this Agreement shall be subject to recapture by the Authority. Further, in no event will a disbursement or further disbursements be made after a notice by the Authority of a violation of this Agreement, which violation has not been corrected to the satisfaction of the Authority.

5. **Advancement of Funds.** If an advance of funds is made pursuant to this Agreement for a specific purpose and is not used by the Grantee for that purpose or another purpose permitted under this Agreement and approved by the Authority, or if the Grantee decides not to use the money, upon such disbursement or upon such decision, the Grantee shall immediately return to the Authority the funds advanced.

6. **Availability of Funds.** The State of Michigan CDBG Housing Program awards funds based upon year-to-date federal appropriations from HUD. Further, all Authority CDBG funding is subject to the availability of funds since the Housing Program is dependent upon federal appropriations and/or rescissions. Therefore, it is possible grants could be reduced accordingly on a unilateral basis.

7. **Increase of Funds.** The Grantee agrees that the Authority may, at its own discretion and with the written concurrence of the Grantee, increase the amount of funds available to the Grantee under this Agreement by amending the program description, program budget, and special conditions contained in Exhibit A. The Grantee further agrees that any such increases shall be governed by the terms of this Agreement and such other statutory, regulatory, or contractual requirements now or hereafter in effect for the receipt and expenditure the funds as administered by HUD or the Authority.

8. **Monitoring.** The Grantee agrees that the Authority may, at the Authority's discretion, audit the Grantee for compliance with the terms and conditions of this Agreement. The Grantee further agrees to provide any books, records, or other documentation in such form and at such place as the Authority may request.

9. **Records Retention Period.** The Grantee shall retain all financial records, supporting documents, statistical records, and all other pertinent records for a period of four (4) years. The retention period shall commence from the date that the Grantee's final audit and report are approved by the Authority.

10. **Reporting Schedule.** The Grantee shall prepare and submit reports and documents relating to and supportive of the activities described in Exhibit A as the Authority may require.

TYPE OF REPORT

DUE DATE

A. Accounting Certification

Prior to disbursement of funds.

B. Financial Status Reports (FSR) commonly referred to as "payment requests".

The 15th of the month following the report period. Payment requests should be submitted at least quarterly but not more than monthly.

C. Interim and Final OMB A-133 Audit reports prepared by a certified public accountant.

Nine months after the Grantee's fiscal year end in which the funds governed by this Agreement have been expended. Please refer to the Office of Community Development's Supplemental Audit Guide for additional audit instructions.

11. All reports, correspondence, and documents required under this Agreement shall be

submitted to:

Program Manager/Address: William Parker
Director of Field Services
Michigan State Housing Development Authority
Office of Community Development
735 East Michigan Avenue, PO Box 30044
Lansing, MI 48909

Grantee/Address: Gary McDowell, Mayor
City of Adrian
100 East Church Street
Adrian, MI 49221-0000

12. **Procurement**. The Grantee shall ensure that all procurement transactions shall be conducted in a manner that provides for maximum open and free competition.
13. **Reasonable Costs**. The Grantee hereby agrees that payment for services, supplies or materials shall not exceed the amount ordinarily paid for such services, supplies or materials in the area where the services are rendered or the supplies or materials are furnished.
14. **Cost Overruns**. All cost overruns shall be the responsibility of the Grantee.
15. **General Compliance**. All aspects of the Grantee's plan for the use of funds authorized pursuant to the terms and conditions of this Agreement, including, but not limited to, all supporting documents, site plans, design plans and specifications, shall be subject to review and approval by Authority staff to ensure compliance with Authority, state and federal guidelines, standards and criteria and shall not be altered without prior written approval from the Authority.
16. **Records Review**. The Grantee hereby agrees that all aspects of the activities described in Exhibit A and all documents relating to and supportive of said activities, including, but not limited to, specifications and reports of funds expended, shall be freely available to the Authority or its authorized representatives for review by the Authority to ensure conformity with the terms of this Agreement.
17. **Contractors and Subcontractors**. The Grantee, all contractors and subcontractors shall ensure that any construction, rehabilitation, or conversion implemented pursuant to the terms and conditions of this Agreement will be sufficient to effect decent, safe and sanitary conditions and meet all applicable local building codes.
18. The Grantee, all contractors and subcontractors shall ensure that all precautions are exercised at all times for the protection of persons and property, and shall observe the safety provisions of all applicable laws and building and construction codes.
19. The Grantee, all contractors and subcontractors shall secure all necessary certificates and permits from municipal or other public authorities as may be required in connection with the performance of this Agreement.
20. The Grantee, all contractors and subcontractors shall maintain during the term of this Agreement public liability, property damage, and worker's compensation insurance insuring the interests of all parties to this Agreement against any and all claims which may arise out of the Grantee's or contractor's or subcontractor's operations under this Agreement.

21. **Discrimination.** The Grantee agrees that all activities assisted pursuant to the terms and conditions of this Agreement shall be open to all regardless of age, height, weight, marital status, familial status (except certain limitations for housing the elderly may be permitted by the Authority), sex, race, religion, disability, color, national origin, or creed and that all contractors, subcontractors, and lending institutions involved shall assure equal opportunity in all areas of employment and borrowing. This section shall be implemented in a manner consistent with state and federal law and MSHDA policy and to the extent allowed therein.
22. **Conflict of Interest.** If any member of the Grantee's Board of Directors or staff has an identity of interest with (a) any of the staff persons hired, (b) any of the persons or households to be assisted directly or indirectly with the funds, or (c) the persons and/or businesses retained to perform technical services hereunder or with persons or businesses providing supplies or services for which funds are being advanced under this Agreement in the form of 10% or more voting stock in such business, or interest as a director or officer of such business, or financial interest directly or indirectly in an amount of 10% or more, or in the form of common immediate family membership, the Grantee shall make written disclosure of the nature and extent of the relationship to the Authority prior to contracting with such persons and/or businesses. The Grantee further agrees not to enter into any contractual relation with any of the persons or entities listed above unless it has received written approval from the Authority.
23. **Liability.** The Authority, the State of Michigan, their officers, agents, and employees shall not, in any manner, be liable for any loss or damage connected to or resulting from activities implemented under this Agreement; nor, or for any injury or damages to any person whether an employee of the Grantee or otherwise, or for damage to any materials, equipment, or other property that may be used or employed in connection herewith.
24. **Hold Harmless.** The Grantee agrees to indemnify, defend, and hold harmless the Authority, the State, their officers, agents, and employees from any and all claims and losses occurring or resulting, to any and all Grantees, contractors, subcontractors, materials providers, laborers, and any other person, firm, or Grantee furnishing or supplying work, services, materials or supplies in connection with negligent performance under this agreement, and from any and all claims and losses by any person, firm, or Grantee who may be injured or damaged by the Grantee's contractor's or subcontractor's negligence in the performance of this Agreement; and against any liability, including costs and expenses, for violation of proprietary rights, copyrights, or rights of privacy.
25. **Violations of Grant Agreement.** The Authority reserves the right to pursue all remedies available to it to cure any violation of this Agreement. In the event the Grantee violates any of the provisions of this Agreement, the Authority shall notify the Grantee and give a 30-day period for the Grantee to correct the violation. In the event the violation is not corrected to the satisfaction of the Authority, within the time prescribed herein, this Agreement may be terminated forthwith by the Authority.
26. **Suspension of Grant.** If the Grantee has failed to comply with this Agreement, or in the event that funds are no longer available to the Authority, on reasonable notice to the Grantee, the Authority may suspend the grant and prevent further electronic funds transfer or prohibit the Grantee from incurring additional obligations of grant funds, pending corrective action by the Grantee, resumption of funding to MSHDA for the CDBG program, or a decision to terminate in accordance with this Agreement. The Authority shall reimburse the Grantee for all necessary and proper costs which the Grantee could not reasonably avoid during the period of suspension.
27. **Termination for Cause.** The Authority may terminate this Agreement, in whole or in part, at

any time before the date of completion, if the Authority determines that the Grantee has failed to comply with the conditions of this Agreement or in the event that funds are no longer available to the Authority. The Authority shall promptly notify the Grantee in writing of the determination and the reasons for the termination, together with the effective date. Payments made to recipients or recapture of funds by the Authority shall be in accordance with the legal rights and liabilities of the parties.

28. **Termination for Convenience.** The Authority or the Grantee may terminate this Agreement in whole, or in part, when both parties agree that the continuation of the project would not produce beneficial results commensurate with the further expenditure of funds. The two parties shall agree upon the termination conditions, including the effective date and, in the case of partial terminations, the portion to be terminated. The Grantee shall not incur new obligations for the terminated portion after the effective date, and shall cancel as many outstanding obligations as possible. The Authority shall pay from available Grant funds; the Grantee's share of the non-cancelable obligations, properly incurred by the Grantee prior to termination.
29. **Remedies.** The Grantee hereby agrees that the election of the Authority to pursue any of the remedies set forth herein shall not be construed to preclude or be a waiver of the right to pursue any of the other remedies.
30. **Specific Compliance Requirements.** The Grantee hereby assures and certifies compliance with the statutes, rules, regulations, and guidelines associated with the acceptance and use of funds under the CDBG program as implemented pursuant to regulations contained in 24 CFR Part 570 and as administered by the Authority on behalf of the State of Michigan. Such assurances and certifications include, but are not limited to, the following:
 - a. The execution of this Agreement is authorized under State and local statutes, and the Grantee possesses the legal authority to implement the CDBG program described herein and in accordance with regulations contained in 24 CFR Part 570 et. seq.
 - b. The Grantee shall implement its CDBG program in conformance with the requirements of 24 CFR 570.426, and HUD CPD Notice 04-11 to assure that any repayment, interest, and other program income shall be returned to the Authority. However, County CDBG Allocation Grantees may be eligible to retain CDBG program income if they meet HUD requirements and MSHDA Office of Community Development (OCD) requirements as outlined in OCD Policy Bulletin #4 – "HOME, CDBG, & MSHDA Program Income and Its Appropriate Use."
 - c. The Grantee shall implement its CDBG program in conformance with the requirements of 24 CFR 570.904 pertaining to equal opportunity and fair housing.
 - d. The Grantee shall implement its CDBG program in conformance with the requirements of 24 CFR 570.606 pertaining to displacement, relocation, acquisition, and replacement housing.
 - e. The Grantee shall implement its CDBG program in conformance with the requirements of 24 CFR 570.608 and 24 CFR Part 35 pertaining to the testing for and abatement of lead-based paint in HUD-associated housing.
 - f. The Grantee shall implement its CDBG program in conformance with the requirements of 24 CFR 570.611 pertaining to conflict of interest.
 - g. The Grantee shall implement its CDBG program in conformance with the requirements

of 24 CFR 570.605 pertaining to flood insurance.

- h. The Grantee shall implement its CDBG program in conformance with the requirements of 24 CFR 570.489(c) to assure that no funds available under this agreement are requested until funds are needed for payment of eligible costs. Further, the amount requested must be limited to the amount needed.
 - i. The Grantee shall comply with all other requirements of the CDBG program which may be now or hereafter applicable to a CDBG Grantee as determined by the Authority pursuant to the requirements of 24 CFR 570 et. seq.
 - j. The Grantee acknowledges and agrees that the housing quality standards for units assisted with CDBG program funds must, at a minimum, meet the housing quality standards contained in 24 CFR 570.251 for the duration of this Agreement.
31. **Severability**. The parties hereby agree that the invalidity of any clause, part, or provision of this Agreement shall not affect the validity of the remaining portions thereof.

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Community Development Block Grant Agreement

Exhibit A

Program Description:

The City of Adrian will use grant funds to assist landlords with the rehabilitation of rental units. This project will include administrative costs. The City of Lapeer will create seven (7) new rental units and rehabilitate two (2) rental units located in downtown Adrian (Lenawee County).

Pre-Disbursement Conditions:

1. Local Program Guidelines

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
OFFICE OF COMMUNITY DEVELOPMENT

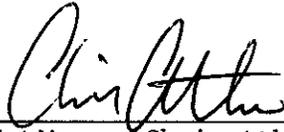
AUTHORIZED SIGNATURE
DESIGNATION FORM

Name: City of Adrian

Grant #: MSC-2009-0486-HO

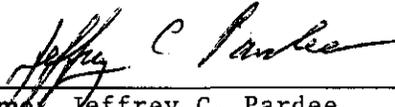
The following individuals are approved to sign the required Grant Agreement and relative requests or reports for the above mentioned grant.

Date: 06/01/09



Print Name: Chris Atkin
Title: Community Development Director

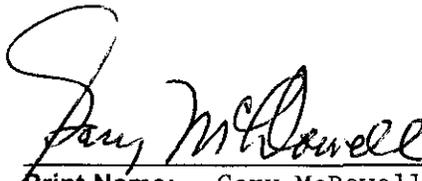
Date: 6/1/09



Print Name: Jeffrey C. Pardee
Title: Finance Director

APPROVED BY:

Date: 6/1/09



Print Name: Gary McDowell
Title: Mayor, City of Adrian



STATE OF MICHIGAN

JENNIFER M. GRANHOLM
GOVERNOR

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

KEITH MOLIN
EXECUTIVE DIRECTOR

LANSING

May 18, 2009

Gary McDowell
City of Adrian
100 East Church Street
Adrian, MI 49221-0000

RE: Amendment to Grant #: MSC-2009-0486-HO

Dear Gary McDowell:

This letter is to advise you that the Michigan State Housing Development Authority (MSHDA) has authorized an amendment to the above-referenced grant. The grant agreement has been amended in accordance with the attached form.

Depending on the type of amendment and the manner in which it was initiated, your agency may be required to sign the amendment form.

- If your signature is required, two original amendment forms will accompany this letter and the grantee's signature line will be blank. Your agency must execute both original forms and return one to our office.
- If the form states "Grantee signature not required" you will receive only one form which you are not required to return.

Once the form is reviewed for accuracy, and executed if necessary, the amendment must be filed with your grant agreement. If you have any questions regarding this matter, please contact your CD Specialist, Diane Karkau at (517) 241-2852.

Sincerely,

William Parker, Director of Field Services
Community Development

Enclosure

Cc: Diane Karkau
Jess Sobel



MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
COMMUNITY DEVELOPMENT
Funding Award Amendment

Grantee: City of Adrian

Amendment #: 1

Grant #: MSC-2009-0486-HO

Effective Date: 5/15/2009

Purpose of Amendment:

- Change in Budget (See attached revision)
- Change Grant Term
- Change Program Description (See attached revision.)
- Change Special Conditions (See attached revision.)
- Change Grant Number

APPROVED BY:

Heidi Kaska
Community Development Specialist
Community Development

Gary McDowell
Authorized Signatory for Grantee
Gary McDowell
Mayor, City of Adrian

William Parker
Director, Housing Resource Fund
Community Development

not required
Director
Community Development

Grantee: City of Adrian

Amendment #: 1

Grant #: MSC-2009-0486-HO

Effective Date: 5/15/2009

Program Description:

The City of Adrian will use grant funds to assist landlords with the rehabilitation of rental units. This project will include administrative costs. The City of Adrian will create seven (7) new rental units and rehabilitate two (2) rental units located in downtown Adrian (Lenawee County).

CITY OF ADRIAN
DOWNTOWN RENTAL REHABILITATION PROGRAM

PROGRAM GUIDELINES

May 2009

City of Adrian
100 E Church St
Adrian, MI 49221
517 264-4897

I. GENERAL PROVISIONS

These PROGRAM GUIDELINES (Guidelines) intend to set forth the policies and identify the priorities of the **City of Adrian Rental Rehabilitation Program (Program)**. These Guidelines set forth the format that will cover general policies of the Program. However, the **Program Administrator (Administrator)**, with the approval of the **Community Development Department (Department) and the Michigan State Housing Development Authority (MSHDA)**, may waive or modify the requirements in individual cases based upon unforeseen circumstances. The Department may also revise any of the parameters in this document to further the intent of the Housing and Community Development Act of 1977 as amended. Federal legislation and implementation regulations have been developed and have been integrated into this program to protect the integrity of such policies.

A. GOALS

The primary emphasis of this program is to provide safe, decent, sanitary, and affordable rental housing to low to moderate income residents of the City of Adrian within the targeted **Downtown Development Area. (Attachment A)** Financial Assistance will be provided to eligible landlords to upgrade existing rental units by improving energy efficiency, repairing health and safety deficiencies, and improving basic livability standards or to landlords to convert vacant 2nd and 3rd floor space into affordable rental units.

B. SOURCES OF FUNDS

1. MSHDA FUNDS

MSHDA has supplied \$359,700 in funding that will help facilitate rehabilitation of rental units in the target area. These funds will be loaned to eligible landlords at 0% interest for 5 years and then forgiven if landlords comply with all MSHDA and Department requirements. Maximum MSHDA funding for each dwelling unit being rehabilitated is \$25,000 for existing units and \$35,000 for new units.

2. PROPERTY OWNER

All property owners are required to provide a minimum of 25% of total project cost. The **Property Improvement Program (PIP)** is available to property owners if units meet PIP qualifications.

C. PROPERTY OWNER AND RENTAL UNIT REQUIREMENTS

1. PROPERTY OWNER QUALIFICATIONS/INFORMATION

- a. MSHDA funded this program for a downtown targeted area only. Any unit to be considered must lie in the designed targeted downtown area. (Please see attachment A for designated area.)
- b. Proof of Deed or land contract in property owners name (if land contract, a letter

- from holder that they will sign the mortgage/lien agreement.
- c. Documentation showing that all property taxes on property to be rehabilitated are current and paid in full.
 - d. Documentation showing that appropriate (MSHDA approved) levels of property insurance are current and paid.
 - e. Documentation of most recent three (3) months owner paid utilities for units to be rehabilitated (if applicable).
 - f. Prior to signing mortgage, property owner must submit required matching funds to Department to be utilized on approved project. Funds will be held in escrow.

2. NUMBER OF UNITS ELIGIBLE

A participating landlord may re-apply following completion of his/her project. In the event there are no current project applicants for a period of thirty (30) days, a previous applicant may become eligible for additional units.

3. LEVEL OF IMPROVEMENT

Upon completion of the rehabilitation, the dwelling unit shall meet local building codes along with Federal Housing Quality Standards (HQS) and MSHDA Moderate Rehabilitation Standards. This includes plumbing, heating, electrical and structural components, all of which must be completed by licensed and insured contractors. **There is no property owner labor or work allowed in the rehabilitation process.** All materials, equipment, fixtures, and building supplies utilized in the program will be moderately priced but durable in quality. Rehabbed units will be re-inspected after three years of completion to assure conditions are being maintained to previously mentioned code.

4. FINANCIAL FEASIBILITY

Following rehabilitation the dwelling unit must be able to financially support itself. In addition all debt service, property taxes, insurance and utilities (those paid by property owner) must be current prior to the CDBG Rental Rehabilitation Program mortgage being signed and the rehabilitation commenced.

D. APPLICATION PROCESS

1. PROPERTY OWNER PARTICIPATION

- a. Applicant (property owner) completes pre-application
- b. Initial evaluation by staff
- c. If qualified, applicant completes a full application
- d. Applications will be processed on a first come, first serve process. An application is considered complete when all information required is supplied to Housing Department.
- e. Notice sent to tenant (s) that Federal funds have been applied for (If applicable)
- f. Application reviewed and approved by Housing Department
- g. Initial inspection that could include City inspector.
- h. Preparation of bid specifications and cost estimates

- i. All Lead Based Paint Assessments will be paid for up front by owner of property. Funds for LBP Assessments will be applied to owner's matching funds & can be taken out of the \$2,000 deposit
- j. A non-refundable deposit of \$2,000 will be placed in escrow account. If project proceeds, deposit will go toward owner's matching funds
- k. Meeting between Housing Department and property owner to finalize project

2. RESIDENT PARTICIPATION

Residents are the central aspect of this program and their participation is required in completing the application process. Consequently, residents (18 years and older) occupying dwelling units under consideration for this program will be required to submit a confidential form and written evidence (payroll evidence, etc.) as part of the program application. Residents with income in excess of the MSHDA guidelines may result in disqualification of the dwelling unit from the program. The rent charged to the initial occupant(s) of 51% of the units cannot exceed the HUD Section 8 "Fair Market Rent".

3. RESIDENT NOTIFICATION

Program regulations require notifications be sent to all residents in selected units regarding lead based paint hazards and displacement. It is the intent of this program that no resident be required to re-locate (displaced) to another dwelling unit during the rehabilitation of their unit, and that such event may result in the disqualification of the unit from the program. However if all parties involved agree that displacement is necessary, all associated costs shall be in accordance with the Federal Uniform Relocation Act and shall be the sole responsibility of the property owner. NOTE: Property owners cannot elect to not renew a lease or evict a resident due to upcoming rehabilitation work. This would constitute displacement and resident would be entitled to relocation benefits.

E. MORTGAGE REQUIREMENTS

1. LEINS ON PROPERTY

MSHDA requires a lien be placed on any property approved for rehabilitation. A 0% interest mortgage between the City and the property owner will be recorded at the register of deeds. There will be a five year compliance period. During the compliance period the property owner must be maintained to property standards and local property maintenance code requirements and continued to be utilized for residential rental use and fairly marketed to the general public. If the property owner complies with all MSHDA and Department requirements, the loan will be forgiven after 5 years. If property is sold during the 5 year term, the new property owner may either pay back the *entire* amount of the loan removing the rent restrictions; or, may continue the affordability requirements for the remaining period of time and not repay the assistance.

F. AFFORDABILITY REQUIREMENTS

1. PERIOD OF AFFORDABILITY

The initial occupant of 51% of the units (1 of 1 unit, 1 of 2 units, 2 of 3 units, 3 of 4 units, 3 of 5 units, etc) in the project must have income at or below 80% AMI. The rent charged to 51% of the units cannot exceed the HUD Section 8 “Fair Market Rent”. The income and rents shall be regulated in accordance with MSHDA and Department requirements. The landlord may not economically displace the initial low/mod tenant. Therefore, any rent increase for those tenants after their first year of occupancy cannot exceed 10% of the previous years rent. All units must be maintained as rental units for a period of five years. All tenants for all units must be given a minimum one year lease.

Landlords must market (list) their units on the Michigan Housing Locator web site (www.MichiganHousingLocator.com) for the five year lien period.

Failure to comply by the landlord and or Grantee could result in required repayment of part or all of the CDBG/MSHDA funds to MSHDA.

2. RESIDENT INCOME LIMITS

The maximum household income for families residing in rental units prior to the unit being rehabilitated or upon vacancy and re-renting shall not exceed the following as determined by MSHDA (limits subject to annual review and adjustment):

Current Income Limits by Household Size					
<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>
43,750	50,000	56,250	62,500	67,500	72,500

3. RENTAL RATES

Property Owners may not increase the rent on units in program from the pre-rehabilitation rent for a minimum of one year after the rehabilitation has been completed. After one year has passed a maximum 10% per year rental increase is allowed during the affordability period if increase does not cause rental charge to exceed Fair Market Rent for Lenawee County.

Current Rent Affordability “Guideline”	
<u>Number</u>	<u>Fair Market Rent</u>
<u>Of Bedrooms</u>	<u>(including utilities)</u>
1	565
2	693
3	884
4	965

NOTE: These rates are estimates only. In the event the tenant is responsible for payment of a portion of all of the utilities these rental rates will be lowered in accordance with MSHDA guidelines.

4. TERM OF LEASE

To be fair to both landlord and resident, a lease that guarantees the monthly rental charge for 1 year and only calls for eviction in cases of just cause is required. NOTE: Just causes are generally, failure to pay rent, cause excessive disturbance to other residents, damage, etc. Month to month leases are allowed if monthly rental charge is guaranteed for 1 year term.

G. CONTRACTORS

1. CONTRACTOR REQUIREMENTS

All contractors interested in participating in the Rental Rehabilitation program must be determined eligible by the Department. Required items include current State of Michigan contractor's license, active property/liability/workman's compensation insurance, and list of current references (similar jobs completed within past 12 months preferably). Proof of insurance must be submitted to Department for validation. *Contractors are also responsible for obtaining all necessary permits on any project they are selected for.*

2. INSURANCE

Contractors will be required to carry the following insurance coverage:

- a. **Workers Compensation** equivalent to Compensation Law of the State of Michigan.
- b. **Comprehensive General Liability Insurance** for contracts under \$35,000 a minimum of \$500,000 per occurrence Combined Single Limits (Bodily Injury/Property Damage), and for contracts over \$35,000 a minimum limit of \$1,000,000 Combined Single Limits (Bodily Injury/Property Damage).
- c. **Comprehensive Automobile Liability Insurance** for contracts under \$35,000 a minimum of \$300,000 per occurrence Combined Single Limits (Bodily Injury/Property Damage), and for contracts over \$35,000 a minimum limit of \$1,000,000 Combined Single Limits (Bodily Injury/Property Damage).
- d. Contractor shall furnish a Certificate of Insurance to the Department prior to commencing construction. Such Certificate shall include a thirty (30) day notification of cancellation or material change in the policy.

3. CONTRACTOR LIST

The Administrator shall solicit contractors as to their qualifications and interest in participating in the program. The Administrator will maintain a listing of interested contractors, which shall be available for review.

4. CONTRACTOR SELECTION

The Administrator shall make available qualified contractor listing for property owner review. Property owners may solicit bid from a contractor not on qualified listing as long as contractor

will qualify with Program before bid walk through takes place. Three (3) bids from qualified contractors are required. With Administrator approval two (2) bids may be allowed if unforeseen circumstances exist (lack of participation by qualified contractors, etc.).

5. BID PROCESS

Bid documents and specifications shall be prepared by the Department and approved by property owner. Bids will be taken on specified date usually 14-21 days after contractors participate in project walk thru. All Bids must be sealed, date and time recorded. Bids will be opened publicly and recorded.

The property owner shall select the contractor. In the event the property owner awards the contract to other than to the lowest responsible bidder (as determined by the Administrator); the property owner must pay the difference between the selected bidder and the low bidder.

The property owner and the contractor shall execute a Rental Rehabilitation Program Contract acceptable to the Administrator and furnish a signed copy to the Program. No CDBG funds will be expended on a project until a signed contract has been furnished to the Program.

All Bidders will be notified of the results of the bid by letter indication whether the bid was accepted or not accepted. If the contractor's bid was not accepted, the letter will indicate which bidder received the award.

6. PRE-CONSTRUCTION MEETING

A pre-construction meeting shall be held between the contractor, property owner, and Program staff prior to commencement of construction. At this meeting, the parties shall review specifications to be completed, construction procedures, expected construction standards, and concerns of any party.

7. NOTICE TO PROCEED

Upon completion of all necessary documentation and all construction issues have been addressed, the Administrator and property owner shall issue a "Notice to Proceed" to the contractor. No work on the project shall commence until the "Notice to Proceed" has been issued.

8. WORK PERFORMANCE

The selected contractor shall begin work within sixty (60) days after signing the contract. The contractor and/or the property owner shall notify the Administrator of any difficulties during the performance of the work; however **the contract is between the property owner and the contractor and they are responsible for resolving any issues to the satisfaction of the Administrator in accordance with MSHDA regulations prior to any payment.** Once work on a project begins contractor is expected to work on project until all work is completed as scheduled with property owner and Administrator. Projects should be completed within 60-90

days, unless otherwise specified.

9. PAYMENTS TO CONTRACTORS

The following payment schedule shall apply to all program projects.

- 25% initial payment upon signing contract (funding provided by property owner)
- Payment equal to 50% of the total contract upon completion of 50% of the work as determined by Administrator and Property Owner.
- Payment equal to 75% of the total contract upon completion of 75% of the work as determined by Administrator and property Owner.
- 25% balance upon completion of work, final inspections completed and Certificate of Occupancy issued as determined by Administrator.
 - ✓ Property Owner must sign Final Acceptance Form
 - ✓ Contractor must provide a signed Final Invoice, Release of Liens, Permits, Occupancy Notice, Subcontractor information form and Warranty for final payment.
- All work shall be guaranteed for minimum of 24 months.

10. CHANGE ORDERS

Any and all change orders to the approved bid specifications shall be signed by the property owner, contractor, and Administrator prior to implementation.

NOTE: No work other than those specified in bid specifications shall take place in new or existing rental units being rehabilitated during term of contract between property owner and contractor.

H. OTHER TERMS AND CONDITIONS

1. CONFLICT OF INTEREST

No elected City Official or immediate family member, Department member, or employee directly involved in administering the CDBG program, or immediate family member, is eligible to benefit directly from CDBG funds. Applicants who are employed by the City of Adrian or who are related to a member of the City staff or the City Board of Commissioners shall disclose their relationship on their application, and the applications shall be submitted to MSHDA for final approval. No CDBG funds will be advanced without prior MSHDA approval of the application

2. NON – DISCRIMINATION

No person shall be denied assistance based upon race, color, creed, religion, national origin, sex, marital status, reliance on public assistance, age, disability, or familial status.

3. CONFIDENTIALITY

The Program shall comply with MSHDA confidentiality practices in its transactions with all applicants and their residents.

4. FILES

The Administrator shall be responsible for establishing a permanent file for all approved applications and insuring that all necessary documents are included in the applicant's permanent file. A permanent file may be destroyed three (3) years after the loan closeout date from MSHDA. Applications which are declined or canceled shall be destroyed after three (3) years.

5. DECLINED APPLICATIONS

The Administrator shall notify in writing any applicant who submits a written application for CDBG rental rehabilitation funds and is declined, and advise the applicant of the reason for the decision.

6. LEAD BASED PAINT

All areas of a building/apartment that are being considered for funding in this program will be inspected for Lead Based Paint as required by MSHDA. Inspection or clearance costs will be added into the project.

7. ASBESTOS

Any structure which contains friable asbestos materials shall only be eligible to receive CDBG funds after an inspection and cost estimate for abatement performed by a licensed asbestos abatement contractor is provided to the Administrator. The cost of the inspection and estimate shall not be paid from CDBG funds.

8. HISTORICAL PROPERTY

The State Historical Preservation Office (SHPO) shall be notified of all potential projects in which the structure is 50 years of age or older. This is to assure compliance with all federal and state regulations concerning rehabilitation of historic properties.

9. CHECKLISTS

The administrator shall be responsible for preparation of an **Environmental Checklist, Local Building Code Inspection Form, Historical Significance Response Sheet** (if necessary), **Lead Based Paint Certification Form, Noise Attenuation Checklist**, and any other checklist required by MSHDA, and shall place each document in the applicant's permanent file.

10. BID PROPOSAL

The administrator shall be responsible for preparation of the Bid Proposal and advising the property owner of contractors who have expressed an interest in bidding on the project. The property owner may solicit a licensed contractor who meets program requirements and ask them to bid once they are approved by Administrator.

11. DISABLED, FEMALE, AND MINORITY CONTRACTORS

The Program shall actively solicit participation of disabled, female and minority contractors. The Programs shall annually obtain a list of contractors in these categories doing business in the immediate area and invite them to participate in the Program. Advertising will encourage their participation and give notice that the City of Adrian is an Equal Opportunity Employer.

12. CONTRACTOR PERFORMANCE

If documented complaints are filed against a contractor, the Program may use discretion in removing the contractor from the list of eligible contractors. Repeated sub-standard performance of work by a contractor which is documented by the Administrator, Building Inspectors, Bureau of Occupational and Professional Regulation, or Michigan Department of Consumer and Industry Services may result in the contractor's ineligibility to participate in the Program. The Administrator shall notify the contractor of this action in writing after board approval.

I. COMPLAINT RESOLUTION

1. The Program shall comply with MSHDA approved methods for resolution of complaints and problems.

2. REVIEW COMMITTEE

The Department shall appoint a Complaint Review Committee consisting of no less than three (3) members. One member must have building/construction expertise; one member must be a homeowner; one member must be a representative of the City. Committee members shall be appointed for a period of no less than one year and shall receive no compensation from the Program. The Administrator or a Program staff person shall not be appointed to the Committee.

3. COMPLAINT RESOLUTION PROCEDURE

The following Complaint Resolution Procedure shall be adopted to resolve all complaints by applicants or between parties participating in the Program. The Administrator shall notify the contractor and property owner prior to the commencement of the project of the procedure should the contractor or owner not be able to resolve a problem.

a. Any party applying for or participating in a rehabilitation project administered by the Program may file a written complaint to the Administrator giving a detailed

description of the complaint. The administrator shall provide a copy of the complaint to the party against which the complaint is written. If the complaint is against the Administrator, the Administrator shall convene a meeting of the Complaint Review Committee at the earliest date convenient to all parties.

- b. The Administrator shall investigate the complaint and respond in writing within fifteen (15) working days to both parties of the recommended resolution of the problem.
- c. Each party shall review the recommendation and respond in writing within fifteen (15) working days to the Administrator of their decision on the resolution recommended. The Administrator will attempt to mediate any unresolved issues between the parties.
- d. If the issue cannot be resolved between the parties and Administrator, the Administrator shall convene a meeting of the Complaint Review Committee at the earliest date convenient to all parties.
- e. The Complaint Review Committee, consisting of no less than three members in attendance, shall review all written documents and hear verbal arguments by the parties. The complaint Review Committee will make a decision during the meeting on the resolution of the complaint unless it is determined that additional information is required and it is necessary to reconvene the committee for final decision at a later date. The Administrator shall advise the parties in writing of the Committee's decision.
- f. If the parties do not accept the decision of the Complaint Review Committee, the Administrator shall advise the parties in writing that they shall be required to participate in a Dispute/Resolution Program. The costs of participation in the Dispute/Resolution Program shall be at the expense of the parties in the dispute.
- g. If mediation is unsuccessful and all of the above procedures have been adhered to and properly documented, the issue may be referred to the MSHDA Office of Community Development staff for final decision.

4. DISCRIMINATION

A person claiming discrimination based upon race, color, creed, religion, national origin, sex, marital status, reliance on public assistance, age, disability, or familial status by the Program may file a complaint with the city of Adrian Review Committee, the Michigan Civil Rights Commission, or the Equal Opportunity Office, Michigan Department of Consumer and Industry Services.

J. PROGRAM ADMINISTRATION

1. CITY OF ADRIAN HOUSING DEPARTMENT

The City of Adrian Housing Department is part of the City of Adrian Community Development Department. It is a five (5) member department. The housing department oversees the implementation and administration of the Program. Long term objectives include assuring City's compliance with service disadvantaged populations, assisting with outreach to groups for disadvantaged citizens, and advocating on behalf of these groups.

2. APPROVAL AUTHORITY

Sole approval of a rehabilitation project using CDBG funds shall rest with the City of Adrian. The Administrator may consult with MSHDA and/or City and State Building Inspectors as needed before approval is granted.

3. GRANT AGREEMENT

The Program shall comply with all requirements and conditions contained in the Grant Agreement between the City and State of Michigan. If a violation of the Agreement occurs, the Administrator shall immediately notify the Administrator of the City of Adrian, Chair of the City of Adrian Board of Commissioners, the City of Adrian Community Development Director, and the MSHDA Office of Community Development.

4. MSHDA HOME/CDBG COMPLIANCE GUIDE

The Program shall comply with the procedures and requirements contained in the MSHDA-HOME/CDBG COMPLIANCE GUIDE (MSHDA Guide) and any subsequent revision received by the Program. The provisions contained in the MSHDA Guide shall be incorporated in the Program Guidelines.

5. MSHDA-OCD POLICY BULLETINS

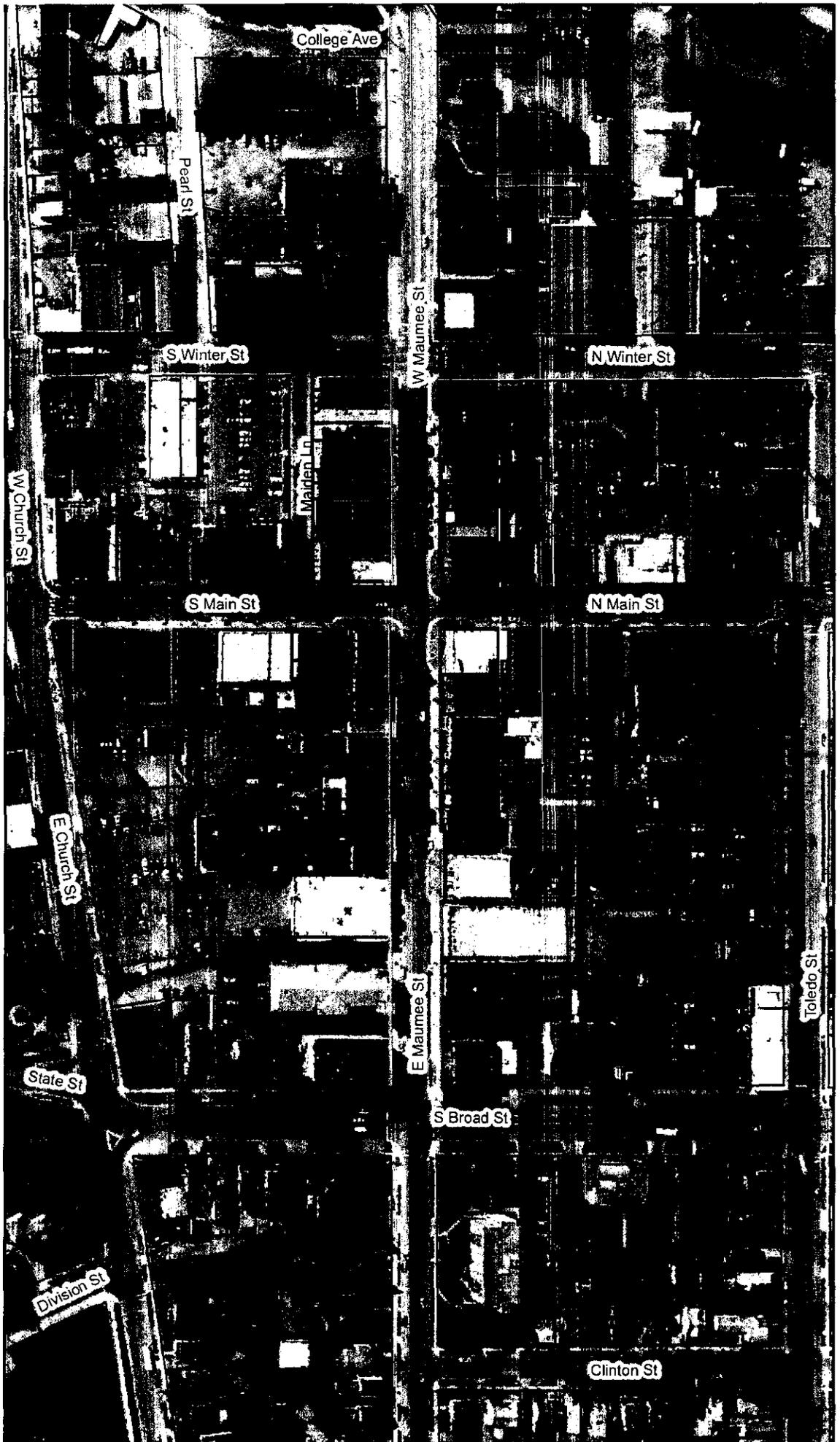
The Program will comply with MSHDA-OCD Policy Bulletins. Also, any subsequent policies hereafter implemented by MSHDA.

6. MSHDA ENVIRONMENTAL REVIEW PROCEDURAL GUIDE

The Program shall comply with MSHDA Environmental Review Procedural Guide. Any subsequent revisions hereafter implemented by MSHDA, shall be adopted as required.



100 E. Church St.
Adrian, Michigan 49221



1" equals 200'

THE CITY OF ADRIAN MAKES NO REPRESENTATION, ASSURANCE, OR WARRANTY ABOUT THE COMPLETENESS, CURRENTNESS, SUITABILITY, OR RELIABILITY OR ACCURACY OF THE CONTENT FOR ANY PURPOSE WHICH IS PROVIDED AS IS AND WITHOUT WARRANTY OF ANY KIND. YOU USE THE CONTENT AT YOUR OWN RISK. YOU ACKNOWLEDGE THAT THE CONTENT MAY CONTAIN SOME NONCONFORMITIES, DEFECTS, ERRORS AND/OR OMISSIONS. THE CITY OF ADRIAN IS NOT INVITING RELIANCE ON THE CONTENT. THE CONTENT IS SUBJECT TO CHANGE WITHOUT NOTICE. THE CITY OF ADRIAN HEREBY DISCLAIMS ALL WARRANTIES AND CONDITIONS, EXPRESS AND IMPLIED, WITH REGARD TO THE CONTENT, INCLUDING, WITHOUT LIMITATION, ANY WARRANTIES OF ACCURACY, RELIABILITY, TITLE, MERCHANTABILITY, NON-INFRINGEMENT, FITNESS FOR A PARTICULAR PURPOSE OR ANY OTHER WARRANTY, CONDITION, GUARANTEE OR REPRESENTATION, WHETHER ORAL, IN WRITING, OR IN ELECTRONIC FORM, INCLUDING THE ACCURACY OR COMPLETENESS OF ANY INFORMATION CONTAINED THEREIN. THE CITY OF ADRIAN DOES NOT REPRESENT THAT THERE WILL BE NO ERRORS OR OMISSIONS WITHIN THE CONTENT.

IN NO EVENT SHALL THE CITY OF ADRIAN BE LIABLE FOR ANY SPECIAL, INDIRECT OR CONSEQUENTIAL DAMAGES OR ANY DAMAGES WHATSOEVER RESULTING FROM LOSS OF USE, DATA, OR PROFITS, WHETHER IN AN ACTION OF CONTRACT, NEGLIGENCE, OR OTHER TORTIOUS ACTION, ARISING OUT OF OR IN CONNECTION WITH THE USE OF THE CONTENTS. YOU AGREE THAT ALL USE OF THE CONTENTS IS AT YOUR OWN RISK, AND THAT THE CITY OF ADRIAN WILL NOT BE HELD LIABLE FOR ANY ERRORS OR OMISSIONS CONTAINED IN THE CONTENT.

"respect for the individual voice, service for the common good"

R-4



Michigan Department of Energy, Labor & Economic Growth
MICHIGAN LIQUOR CONTROL COMMISSION (MLCC)
7150 Harris Drive, P.O. Box 30005
Lansing, Michigan 48909-7505

FOR MLCC USE ONLY	
Request ID #	<u>519930</u>
Business ID #	<u>219280</u>

LOCAL APPROVAL NOTICE
[Authorized by MCL 436.1501]

May 29, 2009

TO: Adrian City Commission
100 East Church Street
Adrian MI 49221-2773

APPLICANT: JR'S HOMETOWN GRILL, LLC

Home Address and Telephone No. or Contact Address and Telephone No.:

Jason Salenbien, 127 Park Drive, Jackson MI 49203 (517) 442-2248
Jimstwo, LLC, 10842 Rome Road, Adrian MI 49221, (517) 206-6537
Robert Loudermilk, 2024 Friar Tuck Circle, Adrian MI 49221 (517) 902-3662

The MLCC cannot consider the approval of an application for a new or transfer of an on-premises license without the approval of the local legislative body pursuant to the provisions of MCL 436.1501 of the Liquor Control Code of 1998. For your information, local legislative body approval is also required for DANCE, ENTERTAINMENT, DANCE-ENTERTAINMENT AND TOPLESS ACTIVITY PERMITS AND FOR OFFICIAL PERMITS FOR EXTENDED HOURS FOR DANCE AND/OR ENTERTAINMENT pursuant to the provisions of MCL 436.1916 of the Liquor Control Code of 1998.

For your convenience a resolution form is enclosed that includes a description of the licensing application requiring consideration of the local legislative body. The clerk should complete the resolution certifying that your decision of approval or disapproval of the application was made at an official meeting. **Please return the completed resolution to the MLCC as soon as possible.**

If you have any questions, please contact the Licensing Division at (517)636-0204.

**PLEASE COMPLETE ENCLOSED RESOLUTION AND RETURN
TO THE LIQUOR CONTROL COMMISSION AT ABOVE ADDRESS**

ljt



Michigan Department of Energy, Labor & Economic Growth
MICHIGAN LIQUOR CONTROL COMMISSION (MLCC)
 7150 Harris Drive, P.O. Box 30005
 Lansing, Michigan 48909-7505

POLICE INVESTIGATION REQUEST
 [Authorized by MCL 436.1201(4)]

May 29, 2009

Adrian Police Department
 Chief of Police
 100 E Church Street
 Adrian MI 49221-2773

Request ID #: 519930

Applicant: JR'S HOMETOWN GRILL, LLC requests to transfer ownership of 2008 Class C-SDM licensed business with Entertainment Permit from Jimstwo, LLC, located in escrow at 8421 Sports Park, Onsted MI 49265, Cambridge Township, Lenawee County; transfer location (governmental unit) (MCL 436.1531(1) to 1368 Division, Adrian MI 49221, Lenawee County.

Please make an investigation of the application. If you do not believe that the applicants are qualified for licensing, give your reasons in detail. Complete the Police Inspection Report on Liquor License Request, LC-1800, or for Detroit police, the Detroit Police Investigation of License Request, LC-1802. If there is not enough room on the front of the form, you may use the back.

Forward your report, along with fingerprint cards (if requested) and \$30.00 for each card to the Michigan Liquor Control Commission.

If you have any questions, contact the Licensing Division at (517) 636-0127.

ljt

Faxed 6-2-09

I was instructed to complete these newly revised forms & fax back to MLCC. The investigator made an error in the previous paper-work.

LC-1872 (Rev. 09/05)
 Authority: MCL 436.1201(4)
 Completion: Mandatory
 Penalty: No License

The Department of Energy, Labor & Economic Growth will not discriminate on the basis of age, national origin, color, marital status, disability, or political beliefs. If you are an individual with a disability and need this document in an accessible format, please contact the Michigan Liquor Control Commission at (517) 636-0127. Americans with Disabilities Act, you may make your needs known to this agency.



Michigan Department of Energy, Labor & Economic Growth
MICHIGAN LIQUOR CONTROL COMMISSION (MLCC)
 7150 Harris Drive, P.O. Box 30005
 Lansing, Michigan 48909-7505

FOR MLCC USE ONLY	
Request ID #	<u>519930</u>
Business ID #	<u>219280</u>

POLICE INVESTIGATION REPORT

[Authorized by MCL 436.1217 and R 436.1105; MAC]

Please conduct your investigation as soon as possible, complete all four sections of this report and return the completed report and fingerprint cards to the MLCC.

LICENSEE/APPLICANT NAME, BUSINESS ADDRESS AND LICENSING REQUEST:

JR'S HOMETOWN GRILL, LLC requests to transfer ownership of 2008 Class C-SDM licensed business with Entertainment Permit from Jimstwo, LLC, located in escrow at 8421 Sports Park, Onsted, Cambridge Township, Lenawee County; transfer location (governmental unit) (MCL 436.1531(1) to 1368 Division, Adrian MI 49221, Lenawee County.

Section 1. APPLICANT INFORMATION

APPLICANT #1: ROBERT LOUDERMILK – member 2024 Friar Tuck Circle Adrian MI 49221 (517) 902-3662	APPLICANT #2:
DATE FINGERPRINTED**: NO FINGERPRINTS NEEDED	DATE FINGERPRINTED**: NO FINGERPRINTS NEEDED
DATE OF BIRTH: Is the applicant a U.S. Citizen: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No* *Does the applicant have permanent Resident Alien status? <input type="checkbox"/> Yes <input type="checkbox"/> No* *Does the applicant have a Visa? Enter status:	DATE OF BIRTH: Is the applicant a U.S. Citizen: <input type="checkbox"/> Yes <input type="checkbox"/> No* *Does the applicant have permanent Resident Alien status? <input type="checkbox"/> Yes <input type="checkbox"/> No* *Does the applicant have a Visa? Enter status:

Attach the fingerprint card and \$30.00 for each card and mail to the Michigan Liquor Control Commission

ARREST RECORD: <input type="checkbox"/> Felony <input type="checkbox"/> Misdemeanor Enter record of all arrests and convictions (Attach a signed and dated sheet if more space is needed)	ARREST RECORD: <input type="checkbox"/> Felony <input type="checkbox"/> Misdemeanor Enter record of all arrests and convictions (Attach a signed and dated sheet if more space is needed)
---	---

Section 2. INVESTIGATION OF BUSINESS AND ADDRESS TO BE LICENSED

Does applicant intend to have dancing, entertainment, topless activity, or extended hours permit?
 No Yes, complete LC-1636

Are motor vehicle fuel pumps at or directly adjacent to the establishment? No Yes, explain relationship:

Section 3. LOCAL AND STATE CODES AND ORDINANCES, AND GENERAL RECOMMENDATIONS

Will the applicant's proposed location meet all appropriate state and local building, plumbing, zoning, fire, sanitation and health laws and ordinances, if this license is granted? Yes No If No, indicate which state and local ordinances the location does not meet: Building Plumbing Zoning Fire Sanitation Health

Section 4. RECOMMENDATION

1. Is this applicant qualified to conduct this business if licensed? Yes No*

2. Should the MLCC grant this request? Yes No*

*If any of the above questions were answered No, you must state your reasons for MLCC consideration of this recommendation on the back of this form or on an attached signed and dated sheet.

3. Is this recommendation subject to final inspection to determine that the proposed location meets all building, plumbing, zoning, fire, sanitation and health laws and ordinances? Yes No

4. Is this recommendation subject to any other conditions? Yes No

If Yes, list the conditions below or on an attached signed and dated sheet if more space is needed

James Collins TCR
 Signature (Sheriff or Chief of Police)

6-1-09
 Date

ADRIAN POLICE DEPARTMENT



Michigan Department of Energy, Labor & Economic Growth
MICHIGAN LIQUOR CONTROL COMMISSION (MLCC)
 7150 Harris Drive, P.O. Box 30005
 Lansing, Michigan 48909-7505

FOR MLCC USE ONLY	
Request ID #	<u>519930</u>
Business ID #	<u>219280</u>

POLICE INVESTIGATION REPORT

[Authorized by MCL 436.1217 and R 436.1105; MAC]

Please conduct your investigation as soon as possible, complete all four sections of this report and return the completed report and fingerprint cards to the MLCC.

LICENSEE/APPLICANT NAME, BUSINESS ADDRESS AND LICENSING REQUEST:

JR'S HOMETOWN GRILL, LLC requests to transfer ownership of 2008 Class C-SDM licensed business with Entertainment Permit from Jimstwo, LLC, located in escrow at 8421 Sports Park, Onsted, Cambridge Township, Lenawee County; transfer location (governmental unit) (MCL 436.1531(1)) to 1368 Division, Adrian MI 49221, Lenawee County.

Section 1. APPLICANT INFORMATION

APPLICANT #1: JIMSTWO, LLC – member 10842 Rome Road Adrian MI 49221 (517) 206-6537	APPLICANT #2: JASON SALENBIEN – member 127 Park Drive Jackson MI 49203 (517) 442-2248
DATE FINGERPRINTED**: NO FINGERPRINTS NEEDED	DATE FINGERPRINTED**: NO FINGERPRINTS NEEDED
DATE OF BIRTH: Is the applicant a U.S. Citizen: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No* *Does the applicant have permanent Resident Alien status? <input type="checkbox"/> Yes <input type="checkbox"/> No* *Does the applicant have a Visa? Enter status:	DATE OF BIRTH: Is the applicant a U.S. Citizen: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No* *Does the applicant have permanent Resident Alien status? <input type="checkbox"/> Yes <input type="checkbox"/> No* *Does the applicant have a Visa? Enter status:
Attach the fingerprint card and \$30.00 for each card and mail to the Michigan Liquor Control Commission	
ARREST RECORD: <input type="checkbox"/> Felony <input type="checkbox"/> Misdemeanor Enter record of all arrests and convictions (Attach a signed and dated sheet if more space is needed)	ARREST RECORD: <input type="checkbox"/> Felony <input type="checkbox"/> Misdemeanor Enter record of all arrests and convictions (Attach a signed and dated sheet if more space is needed)

Section 2. INVESTIGATION OF BUSINESS AND ADDRESS TO BE LICENSED

Does applicant intend to have dancing, entertainment, topless activity, or extended hours permit?
 No Yes, complete LC-1636

Are motor vehicle fuel pumps at or directly adjacent to the establishment? No Yes, explain relationship:

Section 3. LOCAL AND STATE CODES AND ORDINANCES, AND GENERAL RECOMMENDATIONS

Will the applicant's proposed location meet all appropriate state and local building, plumbing, zoning, fire, sanitation and health laws and ordinances, if this license is granted? Yes No If No, indicate which state and local ordinances the location does not meet: Building Plumbing Zoning Fire Sanitation Health

Section 4. RECOMMENDATION

1. Is this applicant qualified to conduct this business if licensed? Yes No*

2. Should the MLCC grant this request? Yes No*

*If any of the above questions were answered No, you must state your reasons for MLCC consideration of this recommendation on the back of this form or on an attached signed and dated sheet.

3. Is this recommendation subject to final inspection to determine that the proposed location meets all building, plumbing, zoning, fire, sanitation and health laws and ordinances? Yes No

4. Is this recommendation subject to any other conditions? Yes No

If Yes, list the conditions below or on an attached signed and dated sheet if more space is needed

James C. [Signature] **TER**
 Signature (Sheriff or Chief of Police) 6-1-09
Date

ADRIAN POLICE DEPARTMENT

LC-1600 (Rev. 08/2008)
 Authority: MCL 436.1217 and R 436.1105; MAC
 Completion: Mandatory
 Penalty: No License

The Department of Energy, Labor & Economic Growth will not discriminate against any individual or group because of race, sex, religion, age, national origin, color, marital status, disability, or political beliefs. If you need help with reading, writing, hearing, etc., under the Americans with Disabilities Act, you may make your needs known to this agency.



Michigan Department of Energy, Labor & Economic Growth
MICHIGAN LIQUOR CONTROL COMMISSION (MLCC)
 7150 Harris Drive, P.O. Box 30005
 Lansing, Michigan 48909-7505

<u>FOR MLCC USE ONLY</u>	
Request ID #	<u>519930</u>
Business ID #	<u>219280</u>

LAW ENFORCEMENT RECOMMENDATION

[Authorized by MCL 436.1916, R 436.1105(2)(d) and R 436.1403]

May 29, 2009

TO: Adrian Police Department

Re: JR'S HOMETOWN GRILL, LLC

We have received a request from the above licensee for the type of permit indicated below. Please make an investigation and submit your recommendation, as requested below, to the offices of the MLCC at the above address. Questions about this request should be directed to the MLCC Licensing Division at (517) 322-1400.

<input type="checkbox"/> OFFICIAL PERMIT FOR EXTENDED HOURS OF OPERATION FOR: _____ Weekdays _____ A.M. to _____ A.M. _____ Sundays _____ A.M. to _____ A.M./P.M. _____ <input type="checkbox"/> Recommended <input type="checkbox"/> Recommended, subject to final inspection <input type="checkbox"/> Not Recommended NOTE: If the applicant is requesting two separate extended hours permits and the permits are for different hours you must complete the box below. If additional space is needed please use reverse side of this form.
<input type="checkbox"/> OFFICIAL PERMIT FOR EXTENDED HOURS OF OPERATION FOR: _____ Weekdays _____ A.M. to _____ A.M. _____ Sundays _____ A.M. to _____ A.M./P.M. _____ <input type="checkbox"/> Recommended <input type="checkbox"/> Recommended, subject to final inspection <input type="checkbox"/> Not Recommended
<input type="checkbox"/> DANCE PERMIT <input type="checkbox"/> Recommended <input type="checkbox"/> Recommended, subject to final inspection <input type="checkbox"/> Not Recommended
<input checked="" type="checkbox"/> ENTERTAINMENT PERMIT <input checked="" type="checkbox"/> Recommended <input type="checkbox"/> Recommended, subject to final inspection <input type="checkbox"/> Not Recommended
<input type="checkbox"/> TOPLESS ACTIVITY PERMIT <input type="checkbox"/> Recommended <input type="checkbox"/> Recommended, subject to final inspection <input type="checkbox"/> Not Recommended

<input type="checkbox"/> OUTDOOR SERVICE <input type="checkbox"/> Recommended <input type="checkbox"/> Recommended, subject to final inspection <input type="checkbox"/> Not Recommended
<input type="checkbox"/> PARTICIPATION PERMIT <input type="checkbox"/> Recommended <input type="checkbox"/> Recommended, subject to final inspection <input type="checkbox"/> Not Recommended
<input type="checkbox"/> ADDITIONAL BAR PERMIT <input type="checkbox"/> Recommended <input type="checkbox"/> Recommended, subject to final inspection <input type="checkbox"/> Not Recommended
<input type="checkbox"/> OTHER <input type="checkbox"/> Recommended <input type="checkbox"/> Recommended, subject to final inspection <input type="checkbox"/> Not Recommended

Signed: *Terrence Collins* TER CHIEF
Signature and Title

TERRENCE COLLINS TER CHIEF
Print Name and Title

ADRIAN POLICE DEPARTMENT

Date: 06-02-2009

LC-1836 (Rev. 08/2008) Authority: MCL 436.1916, R 436.1105(2)(d) and R436.1403 Completion: Mandatory Penalty: No License and/or Permit	The Department of Energy, Labor & Economic Growth will not discriminate against any individual or group because of race, sex, religion, age, national origin, color, marital status, disability, or political beliefs. If you need help with reading, writing, hearing, etc., under the Americans with Disabilities Act, you may make your needs known to this agency.
---	--

RESOLUTION

At a _____ meeting of the _____
(Regular or Special) (Township Board, City or Village Council)

called to order by _____ on _____ at _____ P.M.

The following resolution was offered:

Moved by _____ and supported by _____

That the request to transfer ownership of 2008 Class C licensed business, located in escrow at 8421 Sports Park, Onsted MI 49265, Cambridge Township, Lenawee County from Jimstwo, LLC to JR'S HOMETOWN GRILL, LLC; transfer location (governmental unit) (MCL 436.1531(1)) to 1368 Division, Adrian MI 49221, Lenawee County.

be considered for _____
(Approval or Disapproval)

APPROVAL

DISAPPROVAL

Yeas: _____

Yeas: _____

Nays: _____

Nays: _____

Absent: _____

Absent: _____

It is the consensus of this legislative body that the application be:

_____ for issuance
(Recommended or Not Recommended)

State of Michigan _____

County of _____

I hereby certify that the foregoing is a true and complete copy of a resolution offered and

adopted by the _____ at a _____
(Township Board, City or Village Council) (Regular or Special)

meeting held on _____
(Date)

(Signed) _____
(Township, City or Village Clerk)

SEAL

(Mailing address of Township, City or Village)

R-5

SUBJECT: Demolition of 230 N Main Purchasing Office
TO: Dane C. Nelson City Administrator
FROM: Cindy L Prue Assistant Finance Director

I concur with the recommendation of the Asst. Finance Director to award the bid for the demolition of 230 N. Main Street to H & M Demolition of Holland, MI, in the amount of \$23,900.00. References were checked with positive results.

Fourteen vendors responded to the offer to bid. There are sufficient funds in the CDBG portion of the Vibrant City Grant (50%) and the local grant match account (50%) for this work.


Dane C. Nelson
City Administrator

Sealed bids were received until 2:00 p.m. EDT on Thursday, May 28, 2009, at the Purchasing Office, City Hall, for the demolition of 230 N Main Street. The following bids were received:

BIDDER	AMOUNT	NOTES
H&M Demolition Holland, MI	\$23,900.00	Exclusions: Utility disconnects, Septic Abandonment Asbestos Abatement
Smalley Construction Scottville, MI	\$26,500.00	
Sherman Equipment Grosse Ile, MI	\$26,745.00	
Christopher Manning Construct St. Johns, MI	\$27,620.00	
Homrich Inc Carleton, MI	\$27,700.00	
Slusarski Excavating Adrian MI	\$28,605.00	
Advanced Wrecking Riga, MI	\$36,000.00	
Wilson Backhoe Inc Britton MI	\$37,150.00	
Beal Inc Ann Arbor, MI	\$38,700.00	
Pitsch Companies Grand Rapids, MI	\$44,950.00	
Bierlein Midland, MI	\$56,200.00	
Dept of Public Works City of Adrian	\$87,997.96	
Al's Backhoe Service Adrian, MI	\$99,185.00	
Brady Sand & Gravel Tecumseh, MI	\$109,000.00	

This building was purchased in March 2009 with the Vibrant Small Cities grant funds with the intention of demolishing the unused building. An auction was held to sell anything salvageable in the building and bids were then issued for its demolition.

After checking references with the City of Petoskey and City of Saline, I recommend the bid be awarded to H&M Demolition of Holland, MI. The building will be scheduled for demolition in early July.

Respectfully,

Cindy L Prue
Assistant Finance Director

RE: CITY ADMINISTRATION – Property Demolition – 230 N. Main Street

RESOLUTION

WHEREAS, the City of Adrian has received a grant from the State of Michigan under the Vibrant Cities Grant Program, with a portion of said grant being designated for acquisition and demolition of blighted properties; and

WHEREAS, said grant program provides that grant proceeds may be used for seventy-five (75%) of the acquisition cost and fifty (50%) of the demolition cost of any structures approved by the State for such purpose; and

WHEREAS, the City Commission, by Resolution #R08-155 dated November 17, 2008, authorized the purchase of 230 N. Main Street, Adrian, MI; and

WHEREAS, the City Purchasing Office solicited and received fourteen (14) sealed bids on Thursday, May 28, 2009 for the demolition of the building located at 230 N. Main Street, Adrian, MI; and

WHEREAS, a summary of the bids follows:

<u>Bidder</u>	<u>Location</u>	<u>Amount</u>
Brady Sand & Gravel	Tecumseh, MI	\$109,000.00
Al's Backhoe Service	Adrian, MI	\$ 99,185.00
Dept. of Public Works	City of Adrian, MI	\$ 87,997.96
Bierlein	Midland, MI	\$ 56,200.00
Pitsch Companies	Grand Rapids, MI	\$ 44,950.00
Beal, Inc.	Ann Arbor, MI	\$ 38,700.00
Wilson Backhoe, Inc.	Britton, MI	\$ 37,150.00
Advanced Wrecking	Riga, MI	\$ 36,000.00
Slusarski Excavating	Adrian, MI	\$ 28,605.00
Homrich, Inc.	Carleton, MI	\$ 27,700.00
Christopher Manning Constr.	St. Johns, MI	\$ 27,620.00
Sherman Equipment	Grosse Ile, MI	\$ 26,745.00
Smalley Construction	Scottville, MI	\$ 26,500.00
H&M Demolition	Holland, MI	\$ 23,900.00; and

WHEREAS, the Finance Director indicates that sufficient funds are available for this purpose in the FY2009-10 Vibrant Cities Grant Budget for this purpose, with 50% (\$11,950) paid by the grant (283-484.00-801.007) and 50% (\$11,950) paid by the local grant match (283-484.00-801.008); and

WHEREAS, the City Administrator recommends approval of this resolution.

NOW, THEREFORE, BE IT RESOLVED that the Adrian City Commission, by this resolution, hereby authorizes engagement of the low bidder, H&M Demolition Companies, Holland, MI to perform demolition services on 230 N. Main Street at a cost not to exceed \$23,900.00.

BE IT, FURTHER, RESOLVED that one-half or 50% (\$11,950) be charged to the CDBG portion of the Vibrant City Grant (283-484.00-801.007) and one-half or 50% (\$11,950) be charged to the local grant match account (283-484.00-801.008).

On motion by Commissioner _____, seconded by
Commissioner _____, this resolution was adopted by a
_____ vote.

R-6

DATE: June 11, 2009
 TO: Honorable Mayor and City Commission
 FROM: Dane C. Nelson, City Administrator
 SUBJECT: Annual Bids – Treatment Chemicals for Water and Wastewater

I concur with the recommendation of the Utilities Director to award the annual bid for treatment chemicals to the companies and for the products as listed in the bid tabulation below:

<u>Chemical</u>	<u>Recommended Supplier</u> <u>Change</u>	<u>Bid Price</u>	<u>%</u>
Ferric Chloride	PVS Technologies-Detroit, MI	\$0.3235	+36%
Ferric Sulfate	General Chemical-Pittsburgh, PA	\$0.127	-34%
Pebble Lime	Huron Lime – Huron, OH	\$120.80/ton	-0.6%
Flouride	PVS Nolwood - Detroit, MI	\$0.39	+17%
Powdered Carbon	Norit Americas, Inc.– Marshall, TX	\$0.97	No Bid
Sodium Hypochlorite	JCI Jones – Riverview, MI	\$0.0623	-27%
Phosphate	Carus Corp. – Belmont, NJ	\$0.69	-18%
Carbon Dioxide	Continental Carbonic – Decatur, IL	\$0.0365	-1.5%*

*Continental Carbonic also has a fuel surcharge of \$0.008 per 100 lb. if diesel fuel rises above \$2.74 per gallon. The next highest bidder was 85% higher per pound of product.

The recommendation for Phosphate is that the bid be awarded to the second lowest bidder, Carus Corp., due to the small price differential, the consistency of the product and service rendered by Carus Corp. during the previous years, and I concur.

I urge your favorable consideration authorizing the annual purchase of chemicals for the Water and Wastewater Plants from the vendors listed above.



 Dane C. Nelson
 City Administrator

R-6



MEMORANDUM – UTILITIES DEPARTMENT

DATE: June 10, 2009
TO: Dane C. Nelson, City Administrator
FROM: Shane A. Horn, Utilities Director 
SUBJECT: Annual Bids for Treatment Chemicals at Water and Wastewater Plants

Sealed bids were received at the purchasing office on June 2, 2009 for the annual purchase of treatment chemicals at the water and wastewater plant. Attached are memos from Tim Ritchie, Water Plant Superintendent, and Ken Wesley, Wastewater Plant Superintendent with a recommendation of award. I respectfully recommend that we accept the bids for treatment chemicals using the low bidder in each case except for the Phosphate. The second low bidder for Phosphate is Carus Corporation, they have supplied the same product for the past 3 years and we have been satisfied with their product. Their bid was \$0.03 per lb higher but we would have consistency with feeding the same material as we have the past 3 years. Overall, I am pleased with the bids and the potential savings we will see over the current year.

Chemical	Recommended Supplier	Bid Price	% Change
Ferric Chloride	PVS Technologies	\$0.3235	+ 36%
Ferric Sulfate	General Chemical	\$0.127	- 34%
Pebble Lime	Huron Lime	\$120.80 ton	- 0.6%
Fluoride	PVS Nolwood	\$0.39	+ 17%
Powdered Activated Carbon	Norit Americas	\$0.97	No Bid
Sodium Hypochlorite	JCI Jones	\$0.0623	- 27%
Phosphate	Carus Corporation	\$0.69	-18%
Carbon Dioxide	Continental Carbonic	\$0.0365	-1.5% *

* Continental Carbonic also has a fuel surcharge of \$0.008 per 100 lb. if diesel rises above \$2.74 per gallon. The other bidder for this product was 85% higher per pound of product.

cc: Jeff Pardee, Finance Director
Tim Ritchie, Water Plant Superintendent
Ken Wesley, Wastewater Plant Superintendent

**CITY OF ADRIAN, MICHIGAN
 TABULATION - ANNUAL CHEMICAL BIDS
 DUE DATE: JUNE 2, 2009**

	<u>FERRIC CHLORIDE</u>	<u>FERRIC SULFATE LIQUID</u>	<u>QUICK PEBBLE LIME</u>	<u>FLUOROS ACID</u>	<u>POWERED ACTIVATED CARBON</u>	<u>SODIUM HYPOCHLORITE</u>	<u>PHOSPHATE LIQUID</u>	<u>LIQUID CARBON DIOXIDE</u>
General Chemical Parsippany NJ		\$0.127						
Carmeuse Lime Pittsburgh PA			\$120.940					
Western Lime Corp Wend Bend WI			\$123.000					
Carus Corp Belmont NJ							\$0.690	
Lucier Chemical Jacksonville Beach FL				\$0.395				
Norit Americas Inc Marshall TX					\$0.970			
Alexander Chemical Downers Grove IL				\$0.600	\$0.990	\$0.089		
Sterling Water Technologies Columbia, TN							\$0.658	

RE: UTILITIES DEPARTMENT –Annual Bids for Treatment Chemicals at Water and Wastewater Plants

RESOLUTION

WHEREAS, the City Commission, by Resolution #R09-081 dated May 4, 2009, adopted the FY2009-10 Budget and General Appropriations Act, which included appropriations for treatment chemicals at the Water (\$300,000) and Wastewater (\$75,000) Plants; and

WHEREAS, on Tuesday, June 2, 2009, the Purchasing Office received a total of twenty-three (23) bids for the eight (8) chemicals used in the various treatment processes; and

WHEREAS, the Utilities Director recommends acceptance of the low bid in every case except for Liquid Phosphate, where the second-lowest bidder is recommended, due to the small differential in price and consistency of product and service rendered during the previous years; and

WHEREAS, a summary of the recommended vendors follows:

<u>Chemical</u>	<u>Recommended Supplier</u>	<u>Bid Price</u>	<u>% Change</u>
Ferric Chloride	PVS Technologies-Detroit, MI	\$0.3235	+36%
Ferric Sulfate	General Chemical-Pittsburgh, PA	\$0.127	-34%
Pebble Lime	Huron Lime – Huron, OH	\$120.80/ton	-0.6%
Flouride	PVS Nolwood - Detroit, MI	\$0.39	+17%
Powdered Carbon	Norit Americas, Inc.– Marshall, TX	\$0.97	No Bid
Sodium Hypochlorite	JCI Jones – Riverview, MI	\$0.0623	-27%
Phosphate	Carus Corp. – Belmont, NJ	\$0.69	-18%
Carbon Dioxide	Continental Carbonic – Decatur, IL	\$0.0365	-1.5%*

*Continental Carbonic also has a fuel surcharge of \$0.008 per 100 lb. if diesel fuel rises above \$2.74 per gallon. The next highest bidder was 85% higher per pound of product.

WHEREAS, the City Administrator recommends approval of this resolution.

NOW, THEREFORE, BE IT RESOLVED that the Adrian City Commission, by this resolution, hereby authorizes the acceptance of the bid recommendations detailed above for the FY2009-10 Fiscal Year.

On motion by Commissioner _____,
seconded by Commissioner _____, this
resolution was _____ by a _____ vote.

R-7

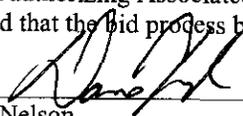


MEMORANDUM – UTILITIES DEPARTMENT

DATE: June 10, 2009
TO: Dane C. Nelson, City Administrator
FROM: Shane A. Horn, Utilities Director 
SUBJECT: Downtown Brick Arch Sewer Lining Design Engineering

Quotes have been solicited and received from Associated Engineers of Adrian, MI, for design engineering work for a portion of the downtown brick arch sewer lining project at a cost of \$28,100.00. The actual construction of the brick arch sewer lining will be dependent upon an award of funds from an MEDC Infrastructure Capacity Enhancement Grant. If unsuccessful in obtaining these funds, the design will be used to incorporate sections of the work within the constraints of the Utilities Capital Budget.

The City Charter allows the bid process to be waived when it is determined that no advantage to the city would result in obtaining additional quotes. Since Associated Engineers is very familiar with the city's sewer system, I would urge your favorable consideration authorizing Associated Engineers to perform design engineering services at a cost of \$28,100.00 and that the bid process be waived.


Dane C. Nelson
City Administrator

Attached is a proposal from Associated Engineers of Adrian to complete design engineering of a portion of the downtown brick arch sewer lining project. We have submitted a proposal to the MEDC as part of their Infrastructure Capacity Enhancement grant to complete this sewer lining work. Most of the original 1890's downtown sewer is comprised of the brick arch. This brick arch is below many downtown structures where accessibility is a definite issue. The lining project will restore the deteriorated brick arch by using a cured-in-place (CIPP) treatment process. The CIPP system is a joint-less, seamless, pipe within a pipe that essentially lines an existing pipeline with a new pipe that can withstand the impacts of corrosion. This will significantly reduce the deterioration and increase the life of the sewer system throughout the downtown area. I respectfully recommend that we proceed with design engineering utilizing the services of Associated Engineering for a not to exceed fee of \$28,100.00. If we are unsuccessful in securing a grant for this project we will not proceed with this project at this time, but we will utilize the design to incorporate sections of this work within the framework of our capital budget as our budget allows. Funds for the engineering are available in the sewer fund (497-555.00-975.127).

cc: Jeff Pardee, Finance Director
Steve Eberle, O&M Superintendent



Associated Engineers and Surveyors, Inc.

CIVIL ENGINEERS ♦ LAND SURVEYORS

237 North Main Street
Adrian, Michigan 49221
Phone : (517) 263-4515
Fax : (517) 263-4535

Steven A. Young, P.S.
Scott A. Merillat, P.E.
Kevin L. Pickford, P.S.

May 29, 2009

Mr. Shane Horn, P.E.
City of Adrian
100 E. Church Street
Adrian, MI 49221

RE: MEDC/Infrastructure Capacity Enhancement Grant Project
Engineering Design/Specification Writing

Dear Mr. Horn:

Associated Engineers and Surveyors, Inc. is pleased to provide the City of Adrian with the following proposal to provide professional engineering and surveying for the field survey, design drawings, and specifications for the project involving the lining of brick arch sewers beneath downtown area buildings.

We will complete the project per your RFP dated May 11, 2009 to include the area shown on the preliminary plans dated May 28, 2009. The City will provide all easements of record.

We propose to complete the above subject project for a not to exceed fee of \$24,600. The fee to complete the construction staking is \$3,500. Invoices shall be submitted on a monthly basis for all work completed to date.

Our schedule is to begin on the field survey immediately once we have received the authorization to proceed.

We appreciate the opportunity to provide this proposal to the City of Adrian. If there should be any questions regarding the content of the document, please do not hesitate to call.

Sincerely,
Associated Engineers and Surveyors, Inc.

Scott A. Merillat, P.E.

R09-107

June 15, 2009

RE: UTILITIES DEPARTMENT –Downtown Brick Arch Sewer Lining Design Engineering

RESOLUTION

WHEREAS, the City Commission, by Resolution #R09-081 dated May 4, 2009, adopted the FY2009-10 Budget and General Appropriations Act, which included a \$35,0000 appropriation for Manhole and Line Renovation; and

WHEREAS, on May 29, 2009, the Utilities Department received a proposal from Associated Engineers and Surveyors, Inc, Adrian, MI to perform design engineering services for the Downtown Brick Arch Sewer Lining Project for a fee of \$28,100; and

WHEREAS, the City has submitted a grant application to the Michigan Economic Development Program (MEDC) for infrastructure improvements to cover the cost of construction; proceeding immediately with construction is dependent upon a grant award, otherwise will rely upon availability of funds from future budget appropriations; and

WHEREAS, the Utilities Director and City Administrator recommend approval of this resolution and waiver of the competitive bid process due to the vendor's familiarity of the specific sewer system and design specifications, as well as satisfaction with similar services previously performed.

NOW, THEREFORE, BE IT RESOLVED that the Adrian City Commission, by this resolution, hereby authorizes the engagement of Associated Engineers and Surveyors, Inc, Adrian, MI, in the City's Standard Professional Services Contract to perform design engineering services for the Downtown Brick Arch Sewer Lining Project for a fee not to exceed \$28,100.

BE IT, FURTHER, RESOLVED that, in the best interests of the City, the competitive bid process be waived, in accordance with the City's Purchasing Policy as specified in Chapter 12 of the City Charter and Section 2-304 of the Codified City Ordinances.

On motion by Commissioner _____,
seconded by Commissioner _____, this
resolution was adopted by a _____ vote.

R-g.



MEMO

Date: June 10, 2009

To: Dane C. Nelson, City Administrator
Hon. Gary McDowell, Mayor
City Commission

From: Mark Gasche, Parks & Recreation Director *MKA*

Re: **PIOTTER CENTER – Authorization to Use Swigert Estate Funds to Resurface Shuffle Board**

The City of Adrian is the beneficiary of a bequest in excess of \$500,000 (\$571,921.64 as of April 30, 2009) from the Thelma H. Swigert Estate (Probate Case #11-0149-010). Pursuant to Mrs. Swigert's final will and testament, the aforementioned funds were bequeathed to the City of Adrian to be used for "an adult community center...for the improvement or refurbishing of said center, or...in an endowment so that the income may be used for operating expenses".

Consistent with the intent of Mrs. Swigert's wishes as expressed in her last will and testament, the City of Adrian has established the Thelma H. Swigert Endowment Trust (Account # 702-000.00-329.000).

The Senior Citizens Advisory Committee has requested that \$3,800 be appropriated from the Swigert Endowment Trust Account for purposes of resurfacing the shuffleboard at the Piotter Center. The Finance Director indicates that sufficient funds are available for this purpose in the aforementioned account. Therefore, I respectfully recommend appropriation of the requested funds and amendment of the FY2009-10 Budget.

The attached resolution has been prepared for consideration by the City Commission at its regularly scheduled meeting on June 15, 2009. If you have any questions or need for further information, please contact my office.

R09-108

June 15, 2009

RE: PARKS & RECREATION – PIOTTER CENTER – Authorization to Use Swigert Estate Funds to Resurface Shuffle Board

RESOLUTION

WHEREAS, the City of Adrian is the beneficiary of a bequest in excess of \$500,000 (\$571,921.64 as of April 30, 2009) from the Thelma H. Swigert Estate (Probate Case #11-0149-010); and

WHEREAS, pursuant to Mrs. Swigert’s Final Will and Testament, the aforementioned funds were bequeathed to the City of Adrian to be used for “an adult community center...for the improvement or refurbishing of said center, or...in an endowment so that the income may be used for operating expenses”; and

WHEREAS, consistent with the intent of Mrs. Swigert’s wishes as expressed in her Last Will and Testament, the City of Adrian has established the Thelma H. Swigert Endowment Trust (Account # 702-000.00-329.000); and

WHEREAS, the Senior Citizens Advisory Committee has requested that \$3,800 be appropriated from the Swigert Endowment Trust Account for purposes of resurfacing the shuffleboard at the Piotter Center; and

WHEREAS, the Finance Director indicates that sufficient funds are available for this purpose in the aforementioned account; and

WHEREAS, the Parks & Recreation Director and City Administrator recommend approval of this resolution, appropriation of funds, and amendment of the FY2009-10 Budget.

NOW, THEREFORE, BE IT RESOLVED that the Adrian City Commission, by this resolution, hereby authorizes the appropriation of \$3,800 from the Swigert Endowment Trust Account (Account # 702-000.00-329.000) for purposes of resurfacing the shuffleboard at the Piotter Center

BE IT, FURTHER, RESOLVED that the FY2009-10 Budget be amended as follows:

General Fund (101)

Revenue:

(101-691.00-675.000) Private Donations \$3,800

Expenditures:

(101-691.00-801.000) Contract Services 3,800

Total \$ -0-

On motion by Commissioner _____, seconded by Commissioner _____, this resolution was _____ by a _____ vote.

MISCELLANEOUS

m-l
 TO: DANE C NELSON, CITY ADMINISTRATOR
 FROM: MARCIA M. BOHANNON, TRANSPORTATION COORDINATOR

ADRIAN D.A.R.T. PASSENGER RIDERSHIP REPORT FOR MAY 2009

WEEK END:	MAY 1	MAY 8	MAY 15	MAY 22	MAY 29	TOTAL
MONDAY	0	325	293	289	0	907
TUESDAY	0	325	312	288	342	1267
WEDNESDAY	0	315	320	323	295	1253
THURSDAY	0	313	303	258	277	1151
FRIDAY	327	336	328	257	293	1541
		1614	1556	1415	1207	6119

SERVICE DAYS	MAY 2009 (21)	MAY 2008 (21)	+/-	APR 2009 (22)
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SENIORS	777	961	-184	890
HDCP SENIORS	882	1089	-207	1019
HANDICAPPED	2707	3212	-505	2916
WHEELCHAIRS **	417	255	162	380
GENERAL	1753	1695	58	2090
	6119	6957	-838	6915

MAY	2007	6778	2008	6957	3%
JUNE	2007	6023	2008	6707	11%
JULY	2007	5775	2008	6717	16%
AUGUST	2007	6378	2008	6213	-3%
SEPTEMBER	2007	6071	2008	6640	9%
OCTOBER	2007	7357	2008	7278	-1%
NOVEMBER	2007	6718	2008	6050	-10%
DECEMBER	2007	6171	2008	6734	9%
JANUARY	2008	7616	2009	7368	-3%
FEBRUARY	2008	7452	2009	7417	0%
MARCH	2008	7027	2009	7540	7%
APRIL	2008	6957	2009	6119	-12%
		80323		81740	2%

** WHEELCHAIR TOTALS ARE INCLUDED IN HANDICAPPED PASSENGER TOTALS

M-2

DEPARTMENTAL REPORT

JUNE 15, 2009

	MAY 2009	APRIL 2009	MAY 2008	YEAR-TO-DATE 2009	YEAR-TO-DATE 2008
POLICE DEPARTMENT					
Complaints Answered	915	843	964	3,956	4,345
VIOLATIONS					
Moving Citations	78	56	87	390	556
3-6 am Parking Tickets	188	149	22	1,064	502
Non-Moving Citations	34	35	5	182	61
Downtown Parking Tickets	227	252	435	479	2,239
TOTAL VIOLATIONS	527	492	549	2,115	3,358
ARRESTS	94	97	135	573	648
FIRE DEPARTMENT (See M-4)					
INSPECTION DEPARTMENT					
Building Permits	37	29	43	111	167
Electrical Permits	17	22	19	87	89
Mechanical Permits	14	14	16	82	101
Plumbing Permits	4	8	4	26	28
Sidewalk Permits	3	1	1	4	1
Sign Permits	3	6	3	17	28
TOTAL PERMITS	78	80	86	327	414
Estimated Bldg.Costs	\$847,422	\$302,513	\$412,253	\$1,555,645	\$4,022,997
PARKING SYSTEM					
Meters in Operation	232	232	232	232	232
Parking Assessment	\$133	\$0	\$0	\$13,447	\$9,279
Lot Revenue	\$0	(\$1)	\$988	\$662	\$3,769
Street Revenue	\$0	\$0	\$0	\$0	\$0
Misc. Revenue	\$9	\$14	\$9	\$66	\$33
Permits	\$575	\$8,203	\$1,075	\$15,404	\$33,713
Fines	\$1,710	\$871	\$1,342	\$2,656	\$9,824
Token Sales	\$0	\$0	\$0	\$0	\$0
Contribut-GenFund	\$0	\$0	\$0	\$0	\$132,000
TOTAL REVENUE	\$2,427	\$9,087	\$3,414	\$32,235	\$188,618
WASTE WATER DEPARTMENT					
M. G. Pumped	149.471	203.882	155.303	936.450	1,009.813
Cost of Plant Operation	*	\$253,830	\$329,886	\$1,166,403	\$1,365,532
WATER DEPARTMENT					
M. G. Pumped	89	81	91	431	464
Number of Customers	6,267	6,256	6,269		
	Industrial	Commercial	Residential	Other	TOTAL
M. G. Sold Revenue	\$30,897	\$86,121	\$109,756	\$53,990	66,982 \$280,764

*Figure not available

M-3

FIRE REPORT
Month of May, 2009

	This Month	Last Month	Last Year	To Date This Year	To Date Last Year
Structure Fires	0	3	0	11	4
Loss	\$0	\$185,000	\$0	\$220,275	\$55,000
Vehicle Fires	2	1	1	4	5
Loss	\$0	\$0	\$0	\$0	\$500
Other Fires	8	4	3	18	4
Loss	\$150	\$4,100	\$7,500	\$9,250	\$7,500
Smoke & Odor	17	8	8	48	27
False Alarms	8	15	7	47	33
Hazardous Conditions	6	3	6	24	42
Other	11	14	11	50	50
Medical Emergencies	153	164	141	785	750
Vehicle Accidents	17	11	6	51	28
Total Runs	222	226	183	1041	943
Total Fire Loss	\$150	\$189,100	\$7,500	\$229,525	\$63,000