

## **MINUTES OF THE COMMITTEE OF THE WHOLE WORK SESSION OF JANUARY 20, 2015**

Mayor Peter Strazdas called the meeting to order at 6:00 p.m. The following Councilmembers were present: Councilmembers Nasim Ansari, Richard Ford, Patricia Randall, Claudette Reid and Terry Urban, Mayor Pro Tem Jim Pearson and Mayor Peter Strazdas. Also present were Ron Kitchens, Executive Director of Southwest Michigan First, City Manager Larry Shaffer, Deputy City Manager Rob Boulis, Director of Community Development Vicki Georgeau, and Deputy City Clerk Adam Herringa.

Mayor Strazdas reviewed the rationale behind holding Committee of the Whole Work Sessions and shared that the topic for the meeting this evening was to look at efforts that can be undertaken by the City to enhance economic development with a special focus on balancing economic development with the city's natural environment, efforts that can be taken to promote the development of large undeveloped tracts of land within the city and to look at working with Southwest Michigan First on pre-approved development sites. Mayor Strazdas also stated that the topic for the next Committee of the Whole Meeting will be a continuation of the discussion on enhancing economic development but will include a review of the city's P.A. 198 Tax Abatement Policy. This meeting is planned for the evening of Tuesday, February 10<sup>th</sup>. Mayor Strazdas then invited the Director of Community Development, Vicki Georgeau, to share her thoughts and information related to the topics on this evening's agenda.

Director Georgeau highlighted the economic development efforts of the City over the years, shared efforts that are currently being undertaken, highlighted attributes of the community that make Portage a desirable place for development, and pointed out several recent economic development success stories.

Director Georgeau then highlighted several large parcels of land that are or could be prime for development provided that the current property owners are open to development or willing to sell their property to someone who is. Director Georgeau spoke specifically about a prime industrial development opportunity involving a parcel along Milham Avenue between Lovers Lane and Portage Road (referred to as Parcel #6). Mayor Pro Tem Pearson inquired if there have been any inquiries regarding this specific piece of property and Ron Kitchens, Executive Director of Southwest Michigan First, responded in the affirmative. Discussion followed on potential obstacles that may have to be overcome when it comes to developing this property, desire to keep it zoned for heavy industry and what the City has done to make this parcel prime for development.

Mayor Strazdas invited Ron Kitchens, Executive Director of Southwest Michigan First, to share his thoughts on the topics of the meeting. Mr. Kitchens stated his optimism with the City Council discussing the topic of economic development and with both City Council and City Administration expressing a willingness to make economic development happen. He continued by emphasizing the importance of creating primary jobs and that major employers have the most capacity to create quality jobs through which a person can create wealth. He also emphasized the importance of having a community that retains and develops talent and possesses and promotes quality schools and quality of life.

Mr. Kitchens then shared some current economic trends with City Council and pointed out, for example, that there is now a lack of building space in the entire region of Southwest Michigan and that there is far too much office space both locally and nationally. Relatedly, Mr. Kitchens strongly emphasized the need to have pre-certified sites so that the speed from which a development is proposed to the time it is ready to go is as expeditious as possible and termed this activity as “speed to market.” In some areas of the country, he stated, speed to market is such that a property can be sold and ground can be broken in as little as three days. He then reminded City Council that the City of Portage is constantly competing with other locations in the state and nation when it comes to enticing and landing a development and shared that Portage possesses one of the premier properties for development in the entire State of Michigan (Parcel #6). Mr. Kitchens cited Oakland County as an example of a community that has taken great steps to promote economic development.

In response to a question from Councilmember Ansari, Mr. Kitchens shared that Southwest Michigan First is involved in most every major development in the region and that, while Portage is not a member of the organization, has reaped numerous benefits of their efforts.

Councilmember Randall inquired as to what the City can do to promote the development of Parcel #6. Mr. Kitchens replied that the property is zoned correctly, that the property should be used as a single development (not divided up) and the City needs to make sure that development incentives are clear. Director Georgeau concurred.

Mayor Strazdas summarized that he has heard three “takeaways” from the discussion so far which include looking at the City of Portage becoming a member of Southwest Michigan First, getting incentives in place to promote “speed to market” for developments and that City Administration pre-plan as much as possible to be able to close deals as quickly as possible. Mayor Strazdas inquired if there is anything else the City should focus on and Mr. Kitchens replied that the City must be aggressive and clear so that a company knows up front that if they, for example, create so many jobs what the corresponding benefit will be. Mayor Strazdas then added to his list of “takeaways” that City Administration should get input from Southwest Michigan First on the city’s tax abatement policy and what is appropriate to ask of developers so that only the greatest of developments receive maximum rewards. Discussion followed and Mr. Kitchens reiterated that the greatest force for change in a community is high quality jobs.

Councilmember Urban shared his experience and history related to a major development by Stryker and that the city was in a reactive mode at the time and stated his support for the City taking a more proactive approach for the next major development.

Councilmember Ford asked what can be done to entice a company to stay once the tax abatement period is over. Mr. Kitchens replied that a tax abatement is usually not the driver of a company’s decision to move. He continued by stating that another driver could be the overall business environment or an inability to fill jobs. He continued by stating that one of the best avenues to take to encourage a company to stay is frequent and quality communication so that a company’s needs, wants and desires can be known and understood. Mr. Kitchens followed up by stating that not only will such positive communication help you to work with and support businesses, it will enhance the

likelihood of new business development.

Mayor Strazdas summarized the discussion to this point and asked that:

- It be determined if Portage should become a member of Southwest Michigan First and, if so, at what level and at what level of financial commitment.
- The City pick 1, 2, or 3 parcels to work with Southwest Michigan First on finding opportunities to promote “speed to market.”
- The City work on development incentives, in particular as they relate to 198 Abatements, so that it is clear what level of investment and jobs will yield a particular benefit.

Mr. Kitchens stated his belief that, based on the feedback and support of City Administration and City Council, Portage can be the driver in Southwest Michigan in job acquisition. Discussion followed and City Manager Shaffer stated his support for making economic development a priority, that the city will be a true partner with business development and that a clear policy will be in place.

Mayor Pro Tem Pearson asked City Administration to look at other communities, in particular Oakland County, that would be good models for incentives and actions to take as it relates to business development. Mayor Strazdas concurred and Mayor Pro Tem Pearson also inquired whether property managers are dealt with at a local level or if corporate offices are contacted as well. Mr. Kitchens shared that Southwest Michigan First will call on company representatives at the local, national and international levels.

**ADJOURN:** Mayor Strazdas adjourned the meeting at 7:16 p.m.

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Adam Herringa, Deputy City Clerk