



ACME TOWNSHIP REGULAR BOARD MEETING
ACME TOWNSHIP HALL
6042 Acme Road, Williamsburg MI 49690
Tuesday, February 1, 2011 6:00 P.M.

MEETING CALLED TO ORDER AT 6:04 P.M.

Members present: D. Dunville, R. Hardin, W. Kladder, P. Scott (6:11 p.m.), E. Takayama, L. Wikle, F. Zarafonitis
Members excused: None
Staff present: S. Vreeland, Township Manager and Recording Secretary
J. Jocks, Township Counsel

CLOSED SESSION to discuss [Bigg, Crowhurst et. al. v. Acme Township et. al.](#) (Roadway connecting Wild Juniper Tr. in the Northpointe Subdivision and Five Mile Road):

Motion by Wikle, support by Hardin to go into closed session to consult with our attorney regarding trial and settlement strategy in connection with the lawsuit concerning the road in Northpointe which is Case No. 10-28316 because an open meeting would have a detrimental financial effect on the litigating or settlement position of the Township. Motion carried by unanimous roll call vote (Scott absent).

Public meeting recessed at 6:07 p.m.

Motion by Wikle, support by Dunville to come back into open session at 6:26 p.m. Motion carried by unanimous roll call vote.

Jocks reported that defendant Robert Nalley has filed a motion for summary disposition of the case which will be heard on February 15. Jocks will file a response on the township's behalf.

A. STUDY SESSION: Potential creation of [Agricultural Production Renaissance Zone](#) – Shoreline Fruit: Discussion participants include: Nels Veliquette, Shoreline Fruit; Jason Warren, CFO – Shoreline Fruit; Duncan Morrison, Plant Manager, Shoreline Fruit; Don Gregory is a fruit grower from Leelanau County and on the Shoreline Fruit Board of Directors; Mike DiBernardo, Michigan Department of Agriculture (MDA); Jean Derenzy, County Planning and Development Department/County Economic Development Authority; Phil Franzo, Traverse Bay Economic Development Corporation (TBEDC); Tino Breithaupt, TBEDC; County Commission Chair Larry Inman; Michigan Department of Agriculture Director Don Coe; and Farmland Preservation Specialist Brian Bourdages.

Mr. DiBernardo is the MDA Economic Development Specialist. Agricultural Processing Renaissance Zones (APRZ) were developed by the state in 2002. Originally 20 were available, with the number increased to 30 due to program success. 24 are now in place, so six opportunities remain. Through the program 1,500 new jobs and \$742 million in new investments have been created. This tool is company-specific for new technology and lines of business in the agricultural processing industry, which is high-volume but not high-margin. The business is worth \$25 billion annually. Value added agricultural production is key to the entire industry.

A key difference between agriculture and general industry is that investment does not translate as directly to jobs. It has been identified that for every \$1 invested, \$7 is returned to the local economy.

As an example, APRZ was put together to attract Gerber Baby Foods to investing in Michigan as opposed to in Arkansas.

APRZs can run for negotiable time periods up to 15 years in length, and full tax payment is phased-in

in 25% increments during the final 3 years of the period. The process begins with a resolution of support from the local unit of government and proceeds through approval by the county and several state-level department. While working through this process, a development agreement is created between the state and the business defining rights and responsibilities. There is an annual auditing and reporting process. Tax abatements begin on the January 1 following approval. The MDA feels that the partnership between the state, agricultural businesses and local governments is highly beneficial to keeping rural portions of the state stable and viable. It has been demonstrated to be a key component to overall economic health. Investments in new technology, processes and value added programs are important, as is the need to increasingly improve food product safety and traceability throughout the entire growing, processing and supply chain. This is seen as critical on an international level and enhances marketability of Michigan products.

Criteria the MDA look for are: what is the investment (How much? In what?) How does this position the business strategically for the future? In this case, cherries removed from the marketplace by the cherry marketing order are brought back into the marketing chain through new value-added processes. Michigan is now the 8th largest dairy producer in the state, partially due to investments in value-added technologies. Another question is where product is purchased from, and where is it going? They place value on purchasing raw product locally where more direct and indirect beneficial economic impacts can be seen. The MDA also looks at the relationship between the business and the local unit of government and community.

Zarafonitis asked about the statistic that a \$1 investment yields a \$7 return. The return is a compilation of the total direct and indirect benefits, as studied through investments in the dairy industry. The timeline for this process could be as short as 60 days after local support is given. Three different state boards are involved in the approval process. No companies applying for an APRZ have been denied to date; Mr. DiBernardo believes this is because of the groundwork laid prior to application to ensure that all parties feel it is beneficial.

Takayama asked for more clarification on how the investment is multiplied. Mr. DiBernardo stated that the impacts of investment are felt through the entire supply chain, where each business needs to make an investment to handle the new product. One example of how this is felt is how the decline in the automotive industry has been felt throughout the supply chain in terms of fewer jobs for parts suppliers, less need to transport parts and finished goods, etc.

Zarafonitis asked if most of the APRZs approved have been for the full 15 years; most have been with a few having been for less based on the nature of the project. Kellogg's needed a short-term assistance with investments in Battle Creek in a research and development facility. They felt they only need 7 years of assistance. Others have needed only 10. Decisions are based on studied perceived impacts to the supply chain and the local community.

In this case, the proposal is to add a new process to an existing facility. In situations like this, carefully defining the APRZ is critical to facilitate tracking. The current proposal would put some of the proposed new construction in the APRZ and some outside of it and under full taxation. Likewise some of the existing investment would be in the APRZ and exempted. The key is keeping like processes grouped together so that only the new processes receive the incentive.

The three-year phase in to final taxes holds true no matter what the length of the APRZ. New equipment value is depreciated according to standard state guidelines.

What measures success in an APRZ? To the MDA: were the investment, job growth and other goals fully met? What is being done to continue investing and growing beyond this level into the future? A business with initial success is likely to continue growing. Kladder stated that to him, success is that more acreage is put under fruit orchard production. He asked what the township's role in monitoring whether commitments are met would be. The state bears the primary burden. The township has no fiduciary responsibility to manage the agreement, although we are in a partnership with the state because we collect the taxes. If a problem arises, the situation is between the company and the state.

The township has its customary responsibilities for assessing and tax collection.

If the commitments in the development agreement are not met, action is taken according to how the specific agreement was drafted. In many cases there are “clawback” provisions requiring that if commitments are not met that all abated taxes are repaid, perhaps back to the beginning of the agreement. If the township were to have a reason to think the commitments were not being honored, it could contact the state and ask them to look into it. Sometimes a problem can be resolved cooperatively, and sometimes not. Kladder asked if a clawback clause can only make it more likely that a company struggling to meet its agreement conditions will fail.

Kladder asked for more information on how a cherry grower benefits from the new investment. Mr. Gregory stated that the more processors that exist, the more are a marketplace for commodity cherries. Over the past few years local growers have seen their markets decline. For instance, Sara Lee used to use more local cherries than they do now, but there has been a decline in desert eating and fruit pie eating. When markets are stronger, growers receive more money for their cherries. Kladder wondered if the net market for cherries is finite or decreasing. If a new market is made for cherries in one value added product, does it decrease in another? Mr. DiBernardo says not, and observed that the market is expanding significantly on an international level. The international market for cherry products is currently over \$1 billion. Mr. Warren added that when new products are created and new markets opened up, cherries that have been put in storage or even dumped by the side of the road under the cherry marketing storage are allowed to be used because of “new market credits.” Modern cherry driers are providing for not only high quality dried cherries but also cherry juice concentrate. One new technology leads to two value-added products.

Kladder has learned as he studied this issue that the question of which taxes are abated in an APRZ and which not can be in a state of flux. Mr. DiBernardo stated that the company itself would be liable for paying to the township any special assessments levied and certain indebtedness. The state will reimburse local schools. This is why the projects are not completely removed from the tax rolls; some taxes are still collected.

Zarafonitis asked Mr. Veliquette about the proposed shape of the APRZ. Some of the existing plant facility is included, and not all of the new construction would be in the zone. This harks back to keeping like processes together to ensure that the appropriate activities and investments are receiving the incentive if granted. Both the current and new fruit dryer would be within the zone, but a new evaporator for the concentrator and new freezers would be fully taxed. Because existing assets are already depreciated by about 52% for tax purposes, the taxes lost on those areas included in the zone would be more than offset by the investments in the concentrate and storage divisions, and those new assets would be coming onto the rolls at full undepreciated value. The amount leaving the rolls would be about \$1.5 million, and about \$3.1 million would be coming onto the rolls. Most would occur in 2011 with some occurring over the following 5 years. They will likely need to add additional storage space to cope with all of the new production, and this would be outside of the zone as well.

Mr. Veliquette also noted that their process wastewater treatment system was oversized to allow for potential future growth. Their company likes to provide for future opportunities to the extent possible.

Mr. Coe, Chair of the MDA and owner of Blackstar Farms, stated that when an APRZ is presented, they want to see community support from the township and county, support from their MDA staff. Their department name has been expanded by the Governor with “and Rural Development.” This is the type of project they are seeking. If there is a problem with an agreement, the MDA would be the group that would have to consider withdrawing the APRZ. The new opportunities this project would provide for cherries to be taken from the commodity price and put into the marketplace are highly beneficial to growers.

Hardin is aware that there are competing bids for the business from New York and Indiana. How does their timeline compare to the process timeline here? Mr. Veliquette stated that the potential incentives from each state were compared and contrasted because a Michigan alternative to an APRZ would include use of the state MEGA credit program. Participation in this program requires demonstration

that other states are competing for the business, and what they are offering. In the final analysis, Shoreline Fruit felt that an APRZ was tailor made for their industry and situation as opposed to pursuing a MEGA credit in conjunction with state 198 and 328 industrial tax abatement programs. Mr. Warren stated that they have had general discussions only with the other states, not wanting to enter into detailed conversations with them until they saw what might be happening in Michigan. The other states are able to move more quickly to approve incentive programs for “shovel-ready” projects as well. Shoreline has an existing facility in New York, so \$1.5 million in construction costs needed in Michigan could be saved there. If the new jobs don’t go to New York, Shoreline might actually close their plant there and those jobs would be lost. Mr. Veliquette stated that their first choice of all the ones they have studied is the Michigan APRZ.

Ms. Derenzy stated that the County will not take action until after the township makes a decision. Their process will likely be somewhat similar to ours in terms of study and deliberation via various committees.

Mr. Gregory feels there is a future for agriculture in Northern Michigan, and feels this proposal is a key component.

Wikle and Ms. Derenzy displayed a spreadsheet they prepared comparing the various state programs available and how much Shoreline Fruit is already paying in taxes. Their analysis led them to feel that the APRZ is a beneficial option for the community, particular in terms of moneys for schools that are reimbursed by the state that would not be reimbursed under the 198 and 328 programs.

Motion by Zarafonitis, support by Dunville to move forward in supporting the concept of an APRZ for Shoreline Fruit. Motion carried unanimously.

Motion by Scott, support by Dunville to support a 15 year time period for the APRZ. Motion carried unanimously.

Using this information, a resolution will be prepared. Shoreline Fruit will prepare a needed survey to provide a legal description for the needed resolution. The assessor will also need to assign a parcel ID number to the APRZ.

The Board chose to hold a special meeting on Tuesday, February 8 at 6:30 p.m. to consider adoption of the resolution of support to be prepared.

A recess was called by the Supervisor from 7:41 p.m. – 7:51 p.m.

B. LIMITED PUBLIC COMMENT: None

C. APPROVAL OF AGENDA:

Motion by Zarafonitis, support by Hardin to approve the agenda as amended to remove the Sheriff’s report, add a report on the Knollwood Motel, add a consideration of a resolution supporting amendment of Department of Public Works enabling statutes, accept resignation of ZBA member and appoint new ZBA member. Motion carried by unanimous roll call vote.

D. INQUIRY AS TO CONFLICTS OF INTEREST: None noted

E. CONSENT CALENDAR:

Motion by Zarafonitis, support by Takayama to approve the Consent Calendar as amended to remove the Planning and Zoning report for discussion, including:

RECEIVE AND FILE:

1. [Treasurer’s Report](#) as of 12/29/10
2. [Clerk’s Report](#) as of 01/25/11

3. Draft Unapproved Meeting Minutes:
 - a. Planning Commission [01/24/11](#)
 - b. Shoreline Advisory [01/19/11](#)
 - c. Metro Emergency Services [12/28/10](#)
4. [Parks and Maintenance Report](#) – Tom Henkel:
5. [Planning, Zoning & Administrative Update](#) – S. Vreeland
6. “The Metro Insider” [Newsletter January 15, 2011](#)
7. [Status Update – VGT-Phase I SUP Application #2009-01P](#)

ACTION – Consider approval:

8. Township Board meeting minutes of [01/04/11](#)
9. [Accounts Payable](#) of \$65,164.49 through 01/25/11 (recommend approval: Dunville)

Motion carried by unanimous roll call vote.

F. REPORTS:

1. **[Cost of Mothballing Knollwood](#) – D. Dunville:** Provided was sheet detailing cost to date for maintain the Knollwood House. The Acme Heritage Society has donated \$500 towards the costs of \$650 to date, and plans to provide a check monthly going forward to pay for heating and other expenses. Kladder attended their meeting last Saturday and found the group to be a highly energetic group. He views the maintenance the house while a final decision is made about it as a task to be shared by the civic group and the township. Kladder has a list of questions he feels need to be answered as part of the decision-making process and is exploring potential grant funding to hire someone to work with the township to conduct a public process.
2. **[County Commissioner’s Report](#) – Larry Inman:** The County will no longer administer the summer baseball program, turning it back over to the American Legion with a 50% discount on field rental fees and giving them all equipment. The Board of Public Works adopted a motion extending mediation with Gourdie Fraser and Michael Houlihan to the end of February. The County has advertised a vacancy in the position of DPW Director, as Chris Buday could not say whether his tour of military duty would be extended for an additional year or not. The posting was done to keep the community’s options open, as Ross Childs will not work in the position beyond May 2011. A working session was held by the Commission to plan for potential issues coming over the next year. Issues will be prioritized later this month and copies of the work plan distributed to townships, cities and villages. Steve Cassens retired from airport directorship today, and Kevin Cline has assumed the role on an interim basis. His performance will be evaluated for 6-9 months. If Mr. Buday returns from military service the County will need to offer him an equivalent position at equivalent pay. He has been on duty for about 3 years now.
3. **[Farmland Preservation Program](#) – Brian Bourdages:** Bourdages thanked everyone who has been reviewing the potential Shoreline Fruit APRZ. Their expansion plan will require 10,000 additional acres of tart cherry production to support it. He is still working to close the three remaining development rights purchases to be funded by a federal grant. We are awaiting word on federal treatment of bargain sale components by the landowners, and he is working towards closings in the late spring. The Conservancy has received a grant for protecting GT Bay water quality through permanent conservation easements, and is working on using the grant funds to match federal farm and ranchland protection funds to protect additional farmland in the Yuba Creek valley area without having to contribute any funds from the township PDR millage. A second PDR application round has been opened by the County, and the deadline was just extended to allow additional time to formalize as applications some earlier letters of intent from Acme farming families. We expect to have 700 – 1,000 acres of land included in the new application cycle.
4. **[Planning, Zoning & Administrative Update](#) – S. Vreeland:** Takayama noted that there is a

lot going on in the township right now. This evening the Board discussed facilitation of a major new building project. Does the township still intend to pursue hiring a new Zoning Administrator? Kladder and Zollinger have established a timeline for completing this process and bringing a candidate to the Board for approval at its April meeting. Those who applied in the late summer of 2010 have been contacted to see if they are still interested and Kladder and Zollinger were planning to advertise again for any additional applicants. Takayama and Zarafonitis feel that there is no reason to spend time and money to search for additional candidates when there are several interested and potentially qualified candidates in hand. Scott also felt we should look only at the candidates in hand, but Kladder was concerned that by not seeing who is currently available we might be missing out on the best person for the job. A majority of the Board asked that the township move forward with interviewing the current set of candidates without an additional search.

Motion by Takayama, support by Dunville to receive the Planning, Zoning & Administrative Update as presented. Motion carried unanimously.

G. SPECIAL PRESENTATIONS/DISCUSSIONS:

1. **Resolution regarding Statutory Amendment to Department of Public Works Act:** Department of Public Works Director Ross Childs stated that last spring the township was asked to adopt a resolution supporting an amendment to the Department of Public Works act that would increase the maximum number of DPW Board members from 11 to 15. When the Acme board last considered this resolution, the Board was confused by the language of the proposed amendment. An updated resolution has been provided for consideration; the old resolution had the exact proposed legislative change, but the current version replaces this with a general description of the goals of the amendment.

Motion by Hardin, support by Zarafonitis to adopt Resolution R-2011-03 as presented.

Kladder read the resolution into the record.

Motion carried unanimously.

H. CORRESPONDENCE: None

I. PUBLIC HEARINGS: None

J. NEW BUSINESS:

1. **01/24/11 Letter of Resignation from Planning Commissioner, Dave Krause:** Assuming that the resignation would be accepted, Kladder has begun the search for a replacement. He has started by contacting the individuals who applied last year but were not selected to see if they are still interested, and plans to bring an appointment to the March Board meeting. The term of office will expire again on July 15 and need to be filled again.

Motion by Takayama, support by Zarafonitis to accept David Krause's resignation from the Planning Commission. Motion carried unanimously.

2. **Waterfront Smart Growth Readiness Assessment Tool:** The township has been offered the opportunity to be one of 10 pilot communities for a new waterfront community smart growth readiness assessment tool created and administered by the Land Policy Institute/MSU Extension. The process involves a two hour meeting with 10-15 local representatives. A series of multiple choice questions are asked of the group and discussed. The goal is to determine whether the planning and zoning documents currently in place in the township support community Smart Growth, and to the extent that they do not where the deficiencies are and action steps to address them. A tool for non-waterfront communities has already been in place for several years. As a pilot community and thanks to a grant to the program the township can participate free of charge. Vreeland asked that the Board approve participation

and allow her and Kladder to assemble the participation team along the lines outline in the staff memo.

Motion by Dunville, support by Scott to participate in the WSGRAT and have staff and the Supervisor invite participants. Motion carried unanimously.

3. **Resignation of Richard Smith from ZBA and appointment of Larry LaSusa:** On behalf of his father, Dick Smith, Ron Smith has tendered his resignation from the Zoning Board of Appeals. Assuming the resignation would be accepted, Kladder asked current ZBA alternate Larry LaSusa if he would be willing to assume the vacated full-time position and complete the term of office. Kladder would seek another individual to serve as an alternate. Mr. Smith has been “Mr. Acme,” a figure central to the community and the township plans to honor his long service to the community.

Motion by Zarafonitis, support by Takayama to accept Mr. Smith’s resignation from the Zoning Board of Appeals. Motion carried unanimously.

Motion by Zarafonitis, support by Dunville to appoint Larry LaSusa to complete Mr. Smith’s unexpired term of office on the ZBA until July 2011. Motion carried unanimously.

K. OLD BUSINESS:

1. **Solid Waste:** Kladder summarized the process to date by which the City of Traverse City and Acme, East Bay and Peninsula Townships have investigated moving to single-hauler or preferred hauler trash service for all residential properties from 1-4 units in the township. Three hauler bids were received, and two of the bidding firms were interviewed by an ad hoc township committee. Based on the interviews, one hauler – American Waste - was clearly preferred by the committee. First, they committed to leaving a centralized recycling drop-off bin in place throughout the life of the contract at no charge. Second, while they would require that any residential trash service user use them, they would not require all residences to pay for service year round if it is not desired or needed. Thirdly, not only will they accept separated recycling materials, they will go through collected trash and sort it at a new facility to maximize recycling potential. Finally, their pricing was the lowest. However, it is not assumed that the township should move to a single-hauler system at this time. Kladder is suggesting that there be a public input session at the February 8 special meeting. If the township decides to use a single-hauler system, it will need to adopt an ordinance to that effect. Jocks is already considering how such an ordinance might be constructed with help from Peninsula Township.

Mike Ascione from American Waste also stated that they would begin accepting Styrofoam and aseptic food packaging, which are not currently accepted. Service would include bulky item pickup once per month. Curbside recycling could also be an optional service.

If a public input session were held next week, Kladder could put out a special edition of the e-newsletter. The Board felt they would rather take some extra time and hold the public input session at the March 1 meeting.

Single-hauler service would be timed to start on a calendar quarter, so it could start as soon as June 1 if a single-hauler ordinance is adopted by May. If a neighborhood has an existing contract, it may continue until it expires. At that time the ordinance would require moving to the township’s specified single hauler.

2. **BS&A Net Version Assessing and Taxation Software:** Assessor Dawn Plude stated that in 1993 the township bought the original DOS version of these programs, and in 1999 the new Windows version was purchased so it has been 11 years since a major update of the technology behind the program. Such a major update has now occurred. The County has

decided to migrate to the new “.NET” version and has already ordered the programs. If 75% of the municipalities in the County convert at the same time we will all receive a 20% discount on the purchase price. The 75% threshold has been met. Those who convert at the same time can also share training costs, which cost \$800/day. BS&A is also offering the opportunity to pay the cost over up to 3 fiscal years. The township budgeted for paying up to half the cost for conversion in this fiscal year. Plude reports that the new version is “phenomenal,” and the current version will only be supported for a limited time. She originally felt that perhaps BS&A was “holding everyone hostage” as the only real provider in the market, but she reviewed other programs and found them “years behind” BS&A in terms of program features and efficiency. In the county, Grant Township is the only one not moving to the new program.

Motion by Dunville, support by Zarafonitis to purchase the new BS&A software NET versions according to the proposed contract provided. Motion carried by unanimous roll call vote.

Vreeland noted that if the new BS&A software is purchased, new network backup software is required as well. She provided the original bid for new backup software from August 2010 and stated it could be paid for from funds budgeted in the Board software line item. The costs could also be covered from the Assessing and Treasurer’s budgets for software along with the BS&A programs.

Motion by Scott, support by Dunville to purchase the required network backup software if it can be purchased within the budgeted amounts for software. Motion carried by unanimous roll call vote.

Motion by Takayama, support by Dunville to pay for the new BS&A software over three fiscal years. Motion carried by unanimous roll call vote.

3. **Coastal Zone Management Grant** – Planning Acme Township’s New Public Shoreline – **A Smart Growth Approach:** Vreeland announced that the township was granted the full \$20,000 requested from the Coastal Zone Management Grant program for shoreline district planning. A grant agreement will be forthcoming. Staff is reviewing the grant application and other initiatives underway to see how they can be coordinated. To use this grant the township will need to provide \$20,000 in matching value, whether cash or in-kind. It should be possible to match this grant with some other grants received in part or in whole, and staff and volunteer time will be countable. Staff will provide a matching strategy as well.

L. PUBLIC COMMENT & OTHER BUSINESS THAT MAY COME BEFORE THE BOARD:

Asbestos removal at the Shoreline was due to begin today. Sales of buildings are also underway. The Shoreside Inn house has been purchased and someone is interested in the Willow Beach house. Those who want to purchase entire structures will have to finalize their commitments after asbestos removal is complete, although they may receive some extended time to remove them. Then Odom’s Reused Building materials will be able to take what they wish, then individuals will be able to take some final items. Final deconstruction of remaining items is expected to begin in March. The site will be leveled and seed-ready in April. Kladder plans to convene a committee to plan for park opening to the public in mid-May. An event for funders and the media to celebrate the beginning of deconstruction will be held on February 17.

Several articles have appeared in the paper about discussions between the City fire service and Metro Emergency Services about how they can work together to improve service at better costs. The newspaper has misreported several aspects of the discussions. For instance, MESA and the City are not committed to a merger for many reasons. MESA would never assume responsibility for the City’s pension fund commitments. Talks about ways to improve cooperation short of merger are ongoing with a goal of reaching a conclusion by June 1.

Kladder is working nearly full-time again at this point.

Wikle is very concerned by the number and severity of accidents on M-72 and feels that something needs to be done to improve safety. She feels a strong statement to the Road Commission, MDOT and the Sheriff's Department from the township would be in order. Perhaps enhanced use of the township's radar trailer and additional speed enforcement along the corridor would be beneficial.

MEETING ADJOURNED AT 9:32 p.m.