

A special meeting of the Sylvan Lake City Council was held on Tuesday, August 23, 2016; opening at 6:05 p.m. Mayor Dzenko presiding. Mayor Dzenko presided over the Pledge of Allegiance.

Present: Dzenko, Lorenz, Meskin, Zubrzycki (6:43 p.m.), Cassar
Absent: None
Also Present: City Manager Martin, Clerk Dryden and City Attorney Dovre

Approval of Agenda

Moved by Lorenz, seconded Cassar, to approve the agenda as presented.

Yes: All
No: None

MOTION CARRIED

Public Comment

Mary Ann Smith stated she saw no advanced notice that this was a special meeting. Dryden stated it was put on the website calendar the day after the City Council meeting, August 11th. Martin added the website is not a requirement for posting the special meeting notice. Smith asked how the public is notified then. Martin stated it is posted at City Hall. Smith feels it is the City Council's duty to notify the public when a special meeting is taking place. Martin said it was announced at the Council meeting on August 10th that this meeting would be a special meeting because of the Consumers Energy Franchise Agreement and noted Smith was in attendance at that meeting. Also the website manager shows the meeting for August 23rd was posted August 11th as a special meeting. Smith feels it is irresponsible for Council not getting the notice to the public.

PR-003-16

Next Smith asked whose decision it was to expand the beach the way it has been expanded. It is encroaching onto the trees; sand is all over the root area. It is going to damage them.

Ordinance 326 Consumers Energy Gas Franchise Ordinance

O-006-16

Martin reviewed what was stated at the last meeting, due to publication requirements per our Charter, Council had to set a special meeting because the agreement expired before the September meeting. This is the reason for the Special Meeting he agenda for City Council approval.

Lorenz asked if there are any typical changes a City would make to this agreement or is it boiler plate type. Attorney Dovre explained changes have been made. This is not what Consumer's Energy originally turned in. Farmington Hills did theirs already and made changes from the municipality's perspective. Dovre noted the changes/additions to the agreement.

Lorenz asked if another gas company would be allowed to come into the city if Council approve them. Dovre noted Section 6 that Consumers' is not exclusive.

Moved by Lorenz, seconded Meskin, to adopt Ordinance 326, Consumers Energy Company Gas Franchise Ordinance as submitted.

Yes: Lorenz, Meskin, Cassar, Dzenko

No: None

Absent: Zubrzycki

ORDINANCE ADOPTED

Dovre apologized for not having this ready for Council regular meeting August 10th. When he looked at the Charter that is when he found the pre-posting requirements.

2016-2018 Marine Patrol Agreement

L1-004-16

CA-009-16

Martin reviewed this agreement was discussed with City Council and Martin signed the agreement and sent it in. Oakland County Sheriff has been patrolling Sylvan Lake all summer long. They have billed us and we have paid the bills. It was noticed that they had no formal motion when filing the agreement with the State. This resolution states Martin signed the agreement with the knowledge and consent of, but without formal approval by the City Council. A copy of the signed agreement is attached.

Cassar stated there are four ways for billing. Sylvan has approached the other communities and none were able to put anything towards it, except with Keego they bring their own boat on the water with their police officer. Cassar recalls seeing a Sheriff one day in the Keego Harbor boat. He doesn't know if they were borrowing it. In the agreement it says marine deputy without boat is \$11.00 less an hour. It is not clear to Cassar what jurisdiction Keego Harbor has. His understanding is if they are in the water they have zero jurisdiction. Cassar stated unless they are Deputized their tickets won't hold up in court. Cassar would like to see Keego donating their boat and letting the Sheriff Deputies use it. This way they are contributing to the fee for patrolling the lake we share.

MaryAnn Smith shared back in June Keego Harbor had their boat trailer at the Oakland County Boat Club and the boat in water there. She asked if they are using the City ramp or is OCBC allowing them to use their ramp. Lorenz stated the OCBC is allowing them to use their ramp.

Meskin asked how many tickets the Sheriff writes. Martin replied, very few. They are not out there to give tickets. They make contact with boater, check for safety and give warnings. Meskin asked if there has been discussion of not having the marine patrol. Martin stated there has not. Meskin asked how much a year we are paying. Martin wasn't sure, but thought between \$5,000 and \$6,000 a year. Dzenko feels it is money well spent. They are not out there to give tickets, but to educate and keep it safe.

Lorenz recalled it was just a few years ago they started using the Sheriff because two kids were killed. Everybody around Sylvan Lake was horrified that the City wasn't doing anything to protect the people who are on the lake. It was at that time the City took it upon themselves to provide this service. He feels maybe it is time to contact Pontiac, Keego Harbor and Waterford to share in this cost. He would think they could come up with \$500 apiece.

Meskin thought this was a meeting to only pass the ordinance. Martin stated he forgot about this and added it to the agenda to get the resolution to the County. He stated the regular meeting is in two weeks if they want to wait. Martin stated it was posted on the agenda. Meskin stated it wasn't a big issue. Mayor Dzenko called for a vote.

Moved by Lorenz, seconded Cassar, to adopt the Resolution for Marine Patrol Services Agreement for 2016-2018 as attached.

Yes: Meskin, Cassar, Dzenko, Lorenz

No: None

Absent: Zubrzycki

RESOLUTION ADOPTED

Golf Carts

P1-006-16 O-007-16

Martin questioned if City Council wanted to pursue allowing golf carts on streets or not. City Hall and the Police are getting a lot of questions and request to allow them. He reviewed the vehicle code and how it changed in 2010 allowing communities of our size to adopt an ordinance allowing golf carts if Council so chooses. Otherwise they are not allowed to be operated on the streets.

Lorenz stated if they are street legal he is ok with it and adopting an ordinance. Martin added there is one street legal that would be grandfathered in because it was approved by the State before the law changed in 2010.

Cassar noted he brought this up because there are a lot of kids driving them and a lot of people using them to go to the beach. He would like to allow with guidelines.

Dzenko is against adopting an ordinance to allow. Why allow them when kids still wouldn't be allowed to drive them. Enforce the law as it is. Meskin agreed to leave as is.

MaryAnn Smith stated the city is a beach community. She would like three weeks to mull this over. Again she has a problem with this being a special meeting. Martin stated this is for discussion only to see if City Council wants to proceed with it.

Cassar would still like to pursue this because there are too many already driving around. He clarified Martin is asking for direction, because currently he has the police telling residents they are not allow and not ticketing them.

Zubrzycki came into the meeting at 6:43 p.m.

Martin shared his concerns; people may have the opinion that it is ok to break the laws, thinking it is ok for kids to drive, drunk driving because it is “just a golf cart so it’s no big deal.” Also there is a resident who sells them and is asking to allow them. Another concern is would there become too many. Martin agreed with Smith it make sense since we are a beach community, but not sure if the pro’s outweigh the con’s.

Dzenko is for enforcing the law as is. Not kid should be driving a cart, even if they allowed carts, unless they are 16 years old. Cassar suggested sending out a newsbyte stating that because of the activity the city is seeing with golf carts, this is the law and it will be enforced.

Zubrzycki stated he is in favor of them because even if they pass an ordinance allowing them, a kid without a license would still not be allowed to drive a cart. Cassar is ok with enforcing the State law, but he knows this is going to come up.

Weed Control

L1—005-16

Martin reviewed Phil Thomas would like to see the city contribute more money for weed control. Currently Sylvan Otter Association asks lakefront properties to donate \$75 and non-lake front properties \$45. Sylvan Lake is the only community that gives them money annually. Martin recommended coming up with a set dollar amount to give them annually. We will budget that amount. Cassar believes there are a couple Associations on the other side of the lake that contribute.

Martin noted Sylvan Lake does benefit a lot because of all of the city-owned lake frontage, dock spaces and beaches. He clarified his proposal would not change the fees charged to residents, but it would not be broken down showing the \$35 fee in the boat dock fee, \$10 with boat ramp key and \$5 with the park tag that currently go to weed control.

Cassar questioned Lakeview and what they pay. Martin explained per the consent judgement they pay a flat \$200 fee a year, which does not include a ramp key, park or sport tag or weed control. If they want these they have to pay the fee.

Dzenko asked to put this item on the agenda for the next regular meeting.

Lorenz suggested Sylvan Otter Association put a thank you in their newsletter to Sylvan Lake. A thank you goes a long way.

Zubrzycki asked if the boat club donates. Martin stated according to Phil Thomas sometimes, but not always.

Water Bill Schedule

U-003-16

Martin suggested maybe changing the billing to bi-monthly to help ease resident's payments. Other communities are doing monthly. Dryden stated she may prefer monthly. It will be more work but monthly is easier to remember than bi-monthly. Martin will put something together for City Council to look at, at the next study session.

Lorenz asked if we have a base rate in our water/sewer fee. Martin explained there is so that would be a minimum bill. Zubrzycki asked if anyone uses zero gallons. Dryden replied, rentals that are vacant or residents who go away but don't turn the water off. Lorenz is for reviewing this because when you look at water and sewer. There is a whole infrastructure to cover and we have to take care and pay for this; and then there is their usage.

Martin stated it is mostly sewer that is costing us a lot. With the changes the city made in negotiating cost with the WRC, it saved an estimate \$160,000 over what we would have had to pay, but he feels the bills are still high. He is still working with Oakland County since they have taken over for Pontiac sewer, to discuss options. Zubrzycki asked what else would be going down the sewer other than water. Martin explained there are two factors, infiltration-water that seeps into the cracks of the pipes and the other is inflow which is any water that goes into the system. So it could be anyone who has their downspouts connected, sump pump or even something a resident has draining in their yard and they have connected to the sanitary sewer. He is hoping with the SAW Grant project to help find some of these things. It is not predominantly for that; it is to find issues with the system.

Meskin asked to clarify finding cracks in the system actually decreases what gets billed back to us. Martin stated yes, if we correct infiltration issues. The goal is to bring rates down. Martin noted he has a meeting with Oakland County to go over things again and discuss our rates.

Water Tower

WA-004-06

Martin stated this is on the agenda because of some of the comments made at the meeting. What exactly does council want to do in gathering information to get the water tower in use again. He doesn't know the cost, but it some of the big items would be another new pump house on Ferndale, because the one that was there is a restroom now. They would have to drill a 275' deep well with a 5 hp pump on it and fix the water tower, which last time they looked at this was over \$500,000. It may be worth it if they could get the water cost down. So money in/money out and pay back are the first two components to look at; the other is quality of water. Dzenko stated then they would have control over the water. Martin agreed but it is a double edge sword- we would have control and total responsibility for source water quality. One of the reasons we changed was because of all the regulations. He is not sure what they would have to do for water treatment with what would essentially be a new system. That's if we could get approval. Martin asked how much do they want him to get into this, time wise and cost.

Cassar would drop this idea. Lorenz would like to tell Detroit the city is looking to put the water tower back on line. He feels this is the only leverage we have. Put it to the vote of the people. Meskin is for dropping the tower project. It will be a detriment to anybody selling their home in the city. If the city can somehow make more economical, he is all for that.

Dzenko's thoughts were the cost for this whole project would have to be a bond if the residents voted to go this route.

Cassar questioned how the rates are regulated. Martin explained the rate structure is very strict.

Jim Endres stated at first he thought it was a good idea, but now hearing everything it is not a good idea. It won't do any good to pressure Detroit.

Lorenz questioned if the structure is so tightly regulated, why are there so many different rates between the cities. Martin stated the answer he gets every time he asks this is because we are small..... The City of Pontiac has millions of gallons of storage, which helps in lowering the peak demands. Martin was working with OHM to see if Sylvan Lake can connect with the City of Pontiac and this group of people utilizing their storage. Last he checked it would take a study and cost \$10,000 to look into, per the engineers. One of the variables in Detroit water structure is how far away the city is from their plant and what our elevation is, because it will cost more to get the water to you.

Zubrzycki asked if West Bloomfield is cheaper and could the city connect with them? Martin replied, water mains are very close together and it would be very easy to connect. The last conversation Martin had with them, they were not interested, but that was long ago. Dzenko suggested asking them again.

Meskin stated Genesee County is building a plant. Is it possible someday to Sylvan Lake to use. Martin won't say no, but doesn't see how it would be cost effective. Meskin stated there are four plates on the tower that are rusty. He asked if they could be painted. Martin agreed they could and added at some point they will need to paint the whole thing. Zubrzycki asked if the city connects with Pontiac what kind of savings would that be? Martin doesn't believe it would be a huge savings. What he would like to discuss with the County is having them take over our water system and then we can do away with maintenance and administrative costs. He clarified West Bloomfield maintains their water system and get water from Detroit, just like we do. Keego Harbor and Orchard Lake do not do their own water and sewer; Oakland County maintains their system.

Dzenko asked Martin to summarize this for the next study session. He is ok with doing nothing since three others are not in favor of it. He just wanted the residents to see something.

Loan Sewer from General Fund

SW-008-16

Martin reported the year end close is still being worked on. The city just received the June sewer bill from Pontiac. There will also be reimbursements from the Saw Grant that will be shown as outstanding. So there is still a lot to finalize. He is very confident and noted the deficit will go away. However, we need more time with loan to see if there is enough revenue to pay that back or if they need to write off. He stated it is very frustrating with budgeting \$260,000 for sewer disposal and we paid over \$300,000.

General Ledger

F-0111-16

Martin stated at the last meeting comments were made that things are being done wrong. He would like to know what exactly what is wrong so he can look into it.

Meskin stated he has looked at other small communities and they don't disburse administrative fees to other funds. He questioned if this is acceptable under the government accounting standards. He has been on Council for seven years and never seen an auditor. The report is just passed along. He suggested another auditor or somebody else who manages a city, be brought in after this audit to review the way the city is doing their accounting.

Dzenko stated the audit is approved every year and filed with the State. So Meskin having a feeling something is not right doesn't mean it isn't. Dzenko didn't appreciate Meskin's comments at the regular meeting. He asked Meskin how many years he has been on City Council. It was in very poor taste to address his concerns at that meeting. He feels he is trying to make it inflammatory and emotional and his comments that the city is doing something wrong is incorrect. If the city could do something different or better, then he understands that.

Meskin stated Sylvan Lake has the highest tax rate around. Dzenko stated they were talking about the audit and to stay focused on this issue. Meskin wants no administrative fee to other accounts. He feels they should only be in the general fund. Lorenz asked what the administrative fees include. Meskin clarified administrative fees are salaries for department heads, permanent employees, over time and benefits spread based on hours worked. Meskin would like to see another city who does this. It seems ridiculous to Meskin that there is a million dollars in the general fund and the others are having problems making residents to have to come up with more money. He still wants someone from the outside to come in and say which way it should be handled.

Lorenz stated auditing services has been bid out. They are audited from some other organization. Meskin stated that is not the question. He wants to know how we can manage all the funds. Cassar stated it sounds like you are questioning the auditors. Meskin stated he is not. He wants another viewpoint from another auditor on how things are handled. Cassar asked Meskin to quite stirring things up. It sounds like they are hiring an incompetent firm. Meskin stated he is not questioning the auditors themselves; he is questioning the concept of the booking system that this city does.

Zubrzycki noted he has sat down with the auditors two different times. Meskin is glad to hear this. Zubrzycki asked if Councilman Meskin asked to speak with the auditor is that something he can do. Martin suggested having the auditor come to a study session so all of city council can hear, because if it is important enough for one person to hear then everybody should hear it. Zubrzycki feels it is a personal education. He is comfortable with what they know. He understands why things are spread the way they are. Zubrzycki recalls going out to bid and it would be a much higher cost to have another firm do the audit. Meskin stated he is not concerned with the auditors. Zubrzycki stated this is how he started the conversation. Meskin

still wants someone to voice their own opinion. Zubrzycki asked Meskin to share his data he is referring to. He would be happy to look at it. Martin feels it would be very beneficial to have the auditor come so they can all hear the questions and answers. He noted many small cities don't do what Sylvan Lake does because they don't have what Sylvan has. Keego Harbor and Orchard Lake don't have a water/sewer system to maintain. Pleasant Ridge does what Sylvan Lake does as does Lathrup Village. City Council does have the ability to say for example we want all the City Manager's pay to come out of one account in the General Fund. At one-time City Council wanted to know what the true cost is to run each fund so it was split. The Water and Sewer funds have always been split and any community with a water and sewer system do it that way.

Meskin's biggest concern is the expense to live in this city. Cassar stated they need to know how much it cost for a department to operate and how they spend their time. They still have to talk about capital improvements and maybe moving some other the projects out that we are reserving funds for specific projects.

Meskin so far talked about lowering the millage but it hasn't happened. Dzenko clarified there were capital improvements the city needed to make so this money is part of the budget which kept the millage rate where it is. Lorenz stated Meskin is taking a snapshot, which is totally wrong. He has never seen one projection that doesn't show the city of running low on money. Millages will be running out and expenses don't go down. So when you take those capital expense amounts they are targeting out of the million dollars you know have a different picture. It is a lie to say we have all this money because it is earmarked. Meskin argued prior projections showed at the end of this fiscal year we would have a fund balance of \$600,000. He stated projections are nice, but you can only go out two or three years. Dzenko informed Meskin that is because they haven't paid for everything yet. Martin stated all the comments are correct. In his projection it showed they would do seawall and hire a chief, which they didn't do that yet. Martin wanted to make it very clear that the money saved by not having a Police Chief has paid for the renovations at City Hall.

Martin showed liabilities the City is responsible for: OPEB liability of \$756,926-21% funded; MERS liability \$1,034,476-65% funded; Police Chief \$85,000 minimum annually; and Live Scan \$10,000 to purchase plus \$5,000 annually. This doesn't include any of the capital projects that have already been discussed. He suggested Council might want to look at putting money toward of these liabilities. The city is responsible to pay for these at some point.

Meskin stated the audit report is supposed to be done sometime in September and in October he wants to sit down look at the City's cash position and figure out how we stand financially. Layout what projects the city wants to do so they can know what to budget for in May. Zubrzycki stated Martin provides a projection every year that shows all this. It is updated every year. The fund has grown because all agreed not to hire a police chief, not to purchase a police car, install seawall, etc. Most companies do a 10-year strategic plan and a 5-year operating plan. This is a city they are running, not a personal account.

Lorenz agreed to tag funds for certain projects so that money will be reserved for a specified project. That way it will be clear to everyone. MERS was 85% funded in 2007 and they agreed

to make this change in the plan knowing it was going to cost more short-term.

Lorenz was on the State website and noted Pleasant Ridge's millage rate is higher than Sylvan's and Keego Harbor is the same. Lorenz informed Meskin he needs to bring statics with real information and to stop creating a perspective of something is drastically wrong. Meskin stated Sylvan Lake's millage is 39 mills and Keego Harbor 29 mills. Lorenz stated he will go with what the State is showing.

Martin clarified the variables in the millages, operating mills and voter approved millage and bonds. The residents voted to approve the bonds for the Community Center, Streets and Drain, and the water/sewer infrastructure project. Those are all added into our total millage rate that residents are paying. If other communities don't have these then they are not the same. So Meskin's statement of total millage paid is correct, but when you take out the three bonds now the millage goes down. Voters approved these because they wanted them. Meskin stated you still have to pay for this. Dzenko agreed because residents said yes they want this and agreed to pay for it. Martin added you have got to look at what services are received that those other cities don't have to pay for, i.e. Community Center, RVA, Parks, and seawalls; just to name a few. He suggested maybe paying off the bonds to lower the millage overall rate.

Meskin would still like the auditors to come to a meeting after this audit.

Cassar shared he feels if anyone on City Council wants to ask Martin or Dryden for something, information or a special project, all of City Council needs to agree if they want them to spend time on this.

Adjournment

Moved by Zubrzycki, seconded Cassar to adjourn the special meeting.

Yes: All
No: None

MOTION CARRIED

The meeting was adjourned at 8:27 p.m.

Dennise Dryden, City Clerk