

A Regular Meeting of the Sylvan Lake City Council was held on Wednesday, January 13, 2016; opening at 7:30 p.m. Mayor Dzenko presided over the Pledge of Allegiance.

Present: Cassar, Dzenko, Lorenz, Meskin, Zubrzycki

Absent: None

Also Present: City Manager Martin, Clerk Dryden and Attorney Schultz

APPROVAL OF AGENDA

Moved by Meskin, seconded Lorenz, to approve the City Council Agenda for January 13, 2016, as submitted.

Yes: All

No: None

MOTION CARRIED

APPROVAL OF MINUTES

Moved by Meskin, seconded Cassar, to approve the December 15, 2015 public hearing and regular meeting minutes as submitted.

Yes: All

No: None

MOTION CARRIED

APPROVAL OF DISBURSEMENTS

Moved by Meskin, seconded Lorenz, to approve the voucher report for January totaling \$210,764.77, as submitted.

Dec Payroll	\$ 85,893.96	Check #'s	11772-11780 DD2494-DD2531 EFT1015-EFT1024 STUB59-STUB61
Accts Pay-Dec-Jan	<u>\$ 124,870.81</u>	Check #'s	48680-48717
		EFT	1111 (E)-1114(E), 1120-1127(E)
Totaling	\$ 210,764.77	ACH	1115(A)-1119(A)

Yes: All

No: None

MOTION CARRIED

ACCEPTANCE OF REPORTS

Mayor Dzenko received the DPW, and the City Attorney reports for December and the Police for November and December reports, and asked that they be placed on file.

COMMITTEE REPORTS

Mayor Dzenko accepted the Parks & Recreation Committee report and asked that it be placed on file.

Endres reminded everyone cable access channels are 15 and 99. Preston Wertheimer added you can also watch on demand at www.civiccentertv.com Also Endres reported the Board of Review next meeting will be in March for appeals. Dryden added value statements will go out in February.

BRIEF PUBLIC COMMENTS FOR ITEMS NOT ON THE AGENDA

Helen Jane Peters shared Sylvan Lake was discovered in 1818, almost 200 years ago. She along with Greg Miller is working with cable to make a video for this celebration. They have two years to plan this. She asked residents to share their memories and old pictures.

CITY MANAGER COMMENTS

Martin wished everyone a Happy New Year.

Community Center Tables & Chairs

CC-001-16

Martin announced the new table and chairs are here and being used. City Hall purchased chairs, round banquet tables and some high top tables through a very generous donation from the Home and Garden Tour group. They're beautiful and will be put to excellent use.

A small closet was constructed inside the recently enlarged storage room. That will be for City use only and will house our audio visual equipment, and anything else we want to keep locked up. We currently do not have a space to store items that is not accessible to a renter.

City Hall Construction

A-001-16

The City Hall project has been stop and go for a while now. Data and phone lines were connected in the basement. The front desk and Dennise have moved downstairs temporarily. That was quite a process trying to figure out where to put everything and everybody. Martin is still only partially moved and the Sergeant's office has yet to move. It was planned to get started with the renovations upstairs this week, but the builder is saying a couple more weeks before they can start. However, there will not be any access to the upstairs until the project is completed. We are now using the new entrance and have put out signs to direct people where to enter city hall. People are starting to get the hang of it.

Social Media

M-001-16

Martin shared sometimes he cringes when he reads things on the What's going on Sylvan Lake and Nextdoor Sylvan Lake websites and even the Sylvan Lake Parks and Rec website. City Hall doesn't have time, nor do we want to monitor those sites and try to correct misstatements or incorrect information. What would be nice is if we could somehow get those people to sign up for our newsbytes. Dennise did a great job sending the newsbyte with the link to minutes regarding the water and sewer rates being discussed tonight. We had a couple people call that didn't get it but saw a couple comments on the other sites and even one that did receive the information but admitted she didn't read the minutes and would rather call and ask the questions. Again, we do our best to get correct information out to the residents.

SAW Grant

SW-001-16

We had the bid opening for the sanitary and storm sewer televising last week for the SAW Grant. Martin will forward the results to council in an email when everything is confirmed. We will then let everybody know when the project will begin and what the process will be.

Garbage & Rubbish

F-001-16

Martin reminded those in attendance that Council is investigating options for funding the Garbage and Rubbish Fund in the next couple months. How best to pay for the services provided. The conversation has been millage based, fee based, or a combination of both. City Council will be reviewing their options and implementation.

Items We Are Working On

A-002-16

Martin stated City Hall continues to strive to streamline processes and procedures, save time and money for ourselves and residents. A few exciting things we're working on and moving forward with right now are:

- A. Investigating developing an app for our summer programs instead of or in addition to physical tags. Very beginning stages and a lot to figure out if it can be done, but we're looking at it.
- B. Water meters that use cellular data so water use can be monitored very closely and accurately. Probably allowing residents access to view their own data. Alert thresholds could be set to show excessive or no use, use during the night when there shouldn't be any could indicate a leak, etc. Martin thinks there would be a number of residents that may choose to buy this meter so they can monitor their water usage.
- C. SCADA system so we can remotely see how our lift stations are functioning and if there are any issues. It will save a lot of time during rain events to be able to look at it remotely instead of having to come in or wait for an alarm.
- D. Cellular Vehicle monitoring systems for our vehicles that will show us driving habits, location, route, idling time, any mechanical codes that were triggered in the vehicle, etc.

Election

Make sure you get out to vote March 8th! It is the Presidential Primary and the two proposals for the Pontiac School District millages. Dryden explained the application to vote and how you have three choices. Absentee Ballots will be available next week and residents can get them up to the Saturday before the Election, March 5th.

COUNCIL COMMENTS

Cassar thanked everyone for coming out. He looks forward to their comments.

Zubrzycki wished everyone a Happy New Year.

Lorenz also wished everyone Happy New Year and thanked them for coming.

SW-002-16

Meskin thanked everyone for coming and asked Martin to explain the SAW Grant again since there is such a big audience. Martin explained it is a State Grant that the City applied for. The City was awarded the first round, with up to a million dollars to be used to inspect manholes, storm drains, sanitary sewer lines and any cleaning that goes along with inspecting. It also includes some hardware and software which will be turned into a GIS mapping system, that will show all our water and sewer lines; it will show what condition they are in, any issues that need to be addressed- from do now or we have some time. Our portion of the payment is 10% and the grant pays for 90%. It will be a huge asset once this is done.

Dzenko thanked everyone for coming.

ACTION ITEMS

- a. Appointment of Board of Review Member **A2-001-16**

Mayor Dzenko re-appointed Jim Endres to the Board of Review for a three-year term, ending 01/31/19.

Moved by Zubrzycki, seconded Zubrzycki, to confirm the Mayor's appointments to the Board of Review as stated.

Yes: All
No: None

MOTION CARRIED

- b. Eliminate Summer Sewer Discount **SW-003-16**

Mayor Dzenko reviewed this was discussed at the study session and at last month's meeting. He explained how the discount is calculated based on the last two-year winter usage. It is very time consuming to do and it may not be accurate or fair and the city may be losing money. No other city out there is doing this that we know of. What City Council is recommending is if residents are

watering a lot then they should get a second meter and City Council may waive the quarterly base fee for this meter.

John Pomerville asked if only someone with a sprinkler system can get a second meter. Mayor Dzenko clarified anyone who wants one for outdoor water usage can get one.

Bob Batchik asked if he would need to re-plumb his house to install the second meter. Martin explained the homeowner can do the work or a plumber could be contracted. The plumber or the homeowner would have to obtain permits to make sure it is connected correctly. Then the city would install the meter. You would have to split the water line before the current meter, put another meter in and have that line for outside use. You would still have the meter for water used inside the house. Lorenz added the residents have to pay for the second meter.

Francenia Debreczeny asked how much this would all cost. Martin stated it depends on the plumbing inside your house. He estimated the meter costing \$250 and plumber around \$300, so it may be \$500-\$600 to do but every house will be different. Debreczeny didn't like that the rates were being increased and the sewer discount was going away. She would like to see the data to back this up. She is concerned with council's level of research on this. She brought up an article from last year with Councilman Zubrzycki's comments. Dzenko replied, last year City Council rates the rates 60% and the city still had a short fall, so it wasn't enough. Debreczeny argued how this was prorated. Dzenko reminded her there were four meetings where this was discussed in length that she didn't attend. Debreczeny asked why the rates weren't increased for nine years and then they slammed the residents with 60%. Dzenko tried to explain many years ago they had a big fund balance so they didn't pass the increase along to the residents. Then they had two years where Pontiac wasn't billing the city for sewage disposal so they didn't know what the bill was. At one point Pontiac gave the city a \$1 million bill. Martin went into negotiations with them and finally got it down to about \$500,000. At that point they knew what needed to be done with the rates and they did take action. Debreczeny feels they should have been prorated all along. Debreczeny continued to argue and was told her 3 minutes were up and she would have to allow others to share their thoughts.

Ruth Maroko stated she has two meters currently and asked what the base is on the second meter. Martin stated \$43.20. She said she was happy with the second meter.

Catrina Schwartz is trying to figure out how much she can expect her sewer bill to increase with eliminating the discount. Martin stated it is not a set number, some people don't get a reduction at all; every household is different.

Bill Brundage stated he looked into getting the meter installed and found it was \$255 for the meter and \$235 for the plumber.

Larry Jack asked if the base rate for the second meter would come off the bill for those who already have a second meter. Martin confirmed it would.

Gerry Nechal asked if you live in an older house with 2 faucets coming off the house, would you need two meters outside? Martin explained, no.

Nechal asked if there is a volume discount the city could get with the vendor for buying a lot of meters. Martin informed him the city already buys the water meters in quantity and receives a discount for doing this. Nechal also asked if a resident received the sewer discount in the past and they don't install a second meter, will they pay more? Martin stated it would depend on how much water they used in the winter, but if they did receive a discount, they won't and therefore would pay more. He noted some residents were receiving the discount and they hadn't used outdoor watering.

Jennifer Miller shared she works for a municipality in Macomb County in the water department and stated residents will save money by installing a second meter if the outdoor usage is significant.

Rick Jamelieh didn't know if he was receiving a discount or not and was trying to figure out if this would be a savings for him or not. Mayor Dzenko advised him to call Dryden and she could review his history with him to better inform him.

Neil Friedman explained indoor water goes down the sanitary sewer and outdoor water doesn't. He added the reason the rates weren't increase prior to last year was because the city didn't know for over a year what the increase from Pontiac was going to be.

Brian Etter asked if the water tower is back online. Martin shared they invested that and found it was too costly to do. Etter asked about peak rates, is it more expensive in the day than night? Martin explained peak usage is a variable DWS&D uses to calculate our rate, but the rate is the same regardless of when it is used. He explained the city did have well water, but back in 1991 the residents voted to switch over to Detroit Water because of the water quality and regulations coming up. At that time it would have been too costly to put in all of the filtration systems, iron removal and chlorinate the water. City Council did look at putting the water tower back online and again using well water. The cost to get the tower back online is at least \$450,000 and they would need to get another pump. He further explained Detroit uses several variables-it is computed based on how much you use for the year, what your elevation is from the City of Detroit, how far away it is from the City of Detroit, peak usages (once it is set it will not go down) for both peak day and peak hour. Even if we lowered all of our usage, the potential (peak) of what we could use is X and this is where our rate is set at.

Cassar recapped what has been going on over the last couple years. For every unit the city is billed we have to charge for. He stated they are not going to take money from other funds to pay the bills. It is not how it is done. They need to fix what is broken. Council is giving the resident advance notice so you can adjust your budget as needed.

Moved by Zubrzycki, seconded Lorenz, to stop the practice of calculating and offering a discounted sewer rate during the summer billing periods.

Yes: All
No: None

MOTION CARRIED

c. Sewer Rate Increase

SW-004-16 R2-001-16

Martin reviewed the history of why rates increased last year, why they waited, how they based the increase and how the sewer fund went into a deficit and the general fund loaned the sewer fund \$200,000.

Meskin objects to this increase because they increased them 60% last year. The general fund has \$800,000 in cash and a note from the sewer fund. He doesn't feel they have all the information needed to base this need. He would like to see one year last July to this July. He would rather transfer the \$200,000 and wipeout the loan and transfer an additional \$100,000 from the general fund. He reiterated he would like to wait for final audit figures next year.

Dzenko stated the general fund is not going to fund the sewer fund. They have discussed this many times.

Gerry Nechal asked how much it costs for maintenance and repairs. Martin stated \$10,000 is budgeted for maintenance and they are already at that; the repair budget is \$20,000 it is over budget at six months into the budget year. It is estimated sewer disposal will cost around \$280,000; they have a \$97,000 deficit and list improvements of \$50,000. Nechal asked if there are any improvements in infiltration. Martin replied, yes they did a lot of work 7-8 years ago, but a majority of the lines are from the 40's and they are clay pipe. The study we are doing now will show the condition.

Brian Etter asked if there are special times with Pontiac that it is cheaper to dispose of? Martin stated no. Etter also asked if the 7.5% increase also take care of the \$200,000 loan. Martin state yes.

Preston Wertheimer asked if the sewer and water costs are a direct pass though or does the city mark up those costs as a revenue maker? Martin explained is not a direct pass through. The city owns and operates our own systems. The cost to pay Pontiac or Detroit is only one line item of the budget. The city still has to pay for our own maintenance and repairs. You cannot use money from the water or sewer fund in any other fund. You cannot put in a seawall or anything like that using water or sewer funds.

Debreczeny asked what the profit margin is. Martin answered there is no profit margin. Catrina Schwartz asked at what amount in the general fund would Council give the sewer fund money. She understands they want to keep funds separate, but if there is too much money in the general fund then why wouldn't they do this. Mayor Dzenko those funds are separate funds and

shouldn't be funded by tax dollars. He added next tax season they can see if they can lower the tax rate, but it is not fair to have a home in a higher tax value paying for your's or my water usage.

Francenia Debreczeny asked what the markup is. Martin explained that he uses the total budget and calculates what the rates need to be. She asked what is the difference from what Detroit or Pontiac is charging us to what we are putting the rates at? Dzenko stated it doesn't matter because there is more than just paying Detroit or Pontiac; they have a whole budget as Martin just explained.

Barb Meskin asked if residents get the second meter and they see water isn't being used as much if they would lower the rates. Martin stated you don't pay sewer on the second meter.

Lorenz explained this is not a profit stream. Dzenko added Council will have to pay this increase also.

Preston Wertheimer understands why council wants to keep the funds separated, but he sees Meskin's point also.

Meskin asked what the \$800,000 or the \$1 million in the general fund being spent on? He has never heard anything.

Zubrzycki asked three questions, the deficit elimination of \$97,000 is that included in the budget. Martin stated it is. Zubrzycki next what the interest expense line is. Martin stated that is the interest expense on the debt from the bond issue. Zubrzycki lastly asked about depreciation. Martin explained it is the loss of value of the system and money we should be putting back into the department to make improvements when needed. It is money that should go into the fund balance for future maintenance, repairs and improvements.

Neil Friedman looked up the article on Zubrzycki from last year and clarified the guy who wrote the article accused Zubrzycki of not knowing, not Zubrzycki saying he didn't know. Debreczeny didn't understand why Friedman was bringing this up again. Friedman said because she wouldn't let it go earlier and she was wrong.

Moved by Lorenz, seconded Cassar, to approve the resolution establishing sewer rates to take effect beginning with the April to July 2016 billing period as presented.

Yes: Dzenko, Lorenz, Zubrzycki, Cassar

No: Meskin

RESOLUTION ADOPTED

d. Water Rate Increase

WA-001-16 R2-002-16

Martin explained how Detroit has changed their rates and structure. They have doubled their base rate and slightly reduced the usage rate. He further explained in detail how he estimated the increase needed to fund the water department budget using last year's actual monthly usage purchased from Detroit, resulting in approximately a 20% increase from Detroit.

Lorenz shared they have four proposals before them to discuss. For years they have had a 10 year projected budget they use to help base their decisions on. Council has set a minimum of 35% of the expenses is needed for the fund balance. The general fund is above that currently, but they have projects they are working on and they will look at the millage rate soon to see if it needs adjusting. He stated out of the 900 water bills 580 use 12,000 gallons or less. So based on this, Proposal 2 impacts the residents the least.

Rick Jamelich asked if they are voting on an 18% increase in addition to the 60% increase they had last year. Dzenko confirmed that is correct.

Lorenz stated City Council has been doing their due diligence with the water and sewer rates. He explained with the sewer fund they can't pass on an increase when one wasn't passed onto the city from Pontiac. We don't want to do that. He applauded Martin and Dryden for the jobs they do. Cassar added with their good work they have gotten the City an AA bond rating.

Larry Jack asked what the three other proposals are? Martin explained he is recommending an 18% increase in water revenue. He presented City Council with four proposal, all of which produce an 18% increase in revenue based on our projections. There are two parts to the bills, base rate and usage or per unit fee. Proposal 1 increases all rates 18%. City Council asked to look at a few options. Proposal 2 is 10% increase in the base fee and 26.5% usage increase; Proposal 3-increases the base 30% and the usage rate 9.6%; and Proposal 4 is based on all fixed costs being paid in the base rate resulting in a 125% base increase and lowering the usage by 68.7%.

Annette Meskin feels more investing is needed by an outside auditor. She asked why residents came to this meeting if Council was only going to increase the rates no matter what.

Neil Friedman shared he has attended most meetings over the last two years and he is very comfortable with City Council's decision.

Mary Ann Smith agrees City Council has been doing a good job. It is unfortunate what Pontiac and Detroit are doing to us. Smith asked Martin for a understanding of the different meter sizes. Martin explained 817 households have 5/8." some have 3/4" or 1". Then there are some businesses that have larger meters.

Jim Endres shared he has attended most of the meetings over the last five years and feels Council has done a good job.

Catrina Schwartz asked what if seniors can't afford the water rate increase. Is there any help for them? Martin state the city does not have a program for that.

Cassar shared they did investigate filling the water tower again and it didn't make sense; it is too small of a tower.

Moved by Lorenz, seconded Cassar, to increase the water rates based on proposal 2 and to take effect beginning with the April to July 2016 billing period.

Yes: Lorenz, Zubrzycki, Cassar, Dzenko

No: Meskin

MOTION CARRIED

NON-ACTION ITEMS

- a. Security for Ferndale Park, Restroom and Boat Launch
- b. Parking in ROW
- c. Fire Department
- d. Seawall – Pontiac Drive and Lakeview Beach
- e. G&R Contract/Funding
- f. Citizen Research Council

ADJOURNMENT

Moved by Zubrzycki, seconded Meskin, to adjourn the regular City Council Meeting.

Yes: All

No: None

MOTION CARRIED

The meeting was adjourned at 9:25 p.m.

Dennise Dryden, City Clerk