

A study session of the Sylvan Lake City Council was held on Tuesday, November 4, 2015; opening at 6:04 p.m. Mayor Dzenko presiding. Mayor Dzenko presided over the Pledge of Allegiance.

Present: Zubrzycki, Cassar, Dzenko, Lorenz (6:10 p.m.), Meskin
Absent: None
Also Present: City Manager Martin, Clerk Dryden and Attorney Schultz

Approval of Agenda

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

Yes: All
No: None

MOTION CARRIED

Public Comment

There was no comment from the public.

Review Water/Sewer Rates

SW-006-15

Martin presented the sewer fund revenue and expenditure report for the period ending 10/31/15. This included the billing for August and November 2015. Current there is only \$26,136.39 in the cash. At 6/30/15 we had \$28,333 in cash. Next he presented the amended sewer budget showing a line item for deficit elimination. He had to adjust other lines to accommodate for the deficit. The deficit included the loan of \$200,000 from the general fund.

Lorenz came in to the meeting at 6:10 p.m.

Martin noted if Council is going to discuss the rates per the policy they adopted giving the residents a six month notice. Martin stated looking at the reports he provided they won't be able to lower rates and may have to increase them in order to comply with the deficit elimination plan.

Meskin asked if they can just transfer the \$200,000 that was loaned from the general fund. Martin stated that would be up to City Council, but many were adamant that the water and sewer funds stand alone.

City Council will discuss this in December as the policy states.

Martin noted City Council received the audit report tonight and he included a letter to them explaining everything. Also stated this year with the audit is a new spread sheet to help simplify the post-audit comparison. It is the revenue/expenditure report they received in August with a

column added to show the line items that were changed during the audit. He asked them to look it over and email any questions they may have.

Sewer Summer Discount

SW-007-15

Martin explained this goes along with the sewer fund since we are in a deficit. This spreadsheet shows what was billed for water and the discounted sewer usage for the two summer billing periods, which potentially shows a loss of \$40,269 for those two billing periods. He shared reasons the sewer discount doesn't work-it is very time consuming going through and review each account, new residents have no history to base prior usage, rentals are always changing (100 rental properties), Additional persons added to household (get married, has baby or gets married new spouse has two kids), moved within the city, and leaks. It is being recommended to eliminate the sewer discount and advise a resident they may install a sprinkler meter. City Council can choose to waive the quarterly base fee of \$43.20 for the 2 summer billing periods on the sprinkler meters.

Dryden gave another example of a call she received today and a resident who owns two properties and one parcel received a sewer discount and other didn't. Dryden explained how the discount is applied based on the two prior winter billings. The rental property used more water in winter than they did in the summer so no discount was applied. The primary home had less water usage in the winter and more in the summer so the discount applied. The owner informed her they do not water the lawn or plants at either property. So this is a good example of how the city is losing money when it should be billed.

Dzenko asked how much a sprinkler meter is. Dryden estimated around \$225; this includes the meter and the sending unit. Meskin asked if the City would install the meter. Martin stated a plumber would have to obtain permits would have to be pulled also to make sure it is connected correctly. Then the city would install the meter.

Lorenz asked if a mailing could be sent out notifying the residents of this change. Dzenko suggested sending it with the next water bill. Martin agreed they could do this and explaining the meter installation and costs.

Dzenko asked to put this on the next agenda for City Council to approve. Dryden reminded them November 18th is the next City Council meeting. This was changed because November 11th is Veteran's Day.

City Hall Construction

A-009-15

Martin presented his spreadsheet showing the cost for each year, what were general costs, site work, engineering, unexpected and a total for all those. He further explained general is normal anticipated construction, site work is work done outside, engineering which was not anticipated but required by the building department and unexpected mechanical and partial electrical. He feels overall it has gone quite well.

Next Martin showed upstairs as it is now and the proposed changes. With the proposed changes the side door will be move forward and a new ramp will have to be installed. Martin would like to do a brick wall similar to what was just done on the police side. He is asking for an estimate to replace what is there now and for a second option made of brick. He stated the air conditioning will have to be moved also. He got a price of \$20,000 for the electronic locks for City Hall, Police and DPW.

Cassar suggested getting an optional quote for a stainless steel rail and stated salt eats mortar too.

City Council liked Martin's new plan. Martin informed them Risk Management says there are grants for security locks so he working on putting the grant package together. It could potentially pay for half of the door locks. He will have the Community Center looked at also. Martin explained how the programmable door locks work.

Garbage and Rubbish Millage

F-001-15

Martin explained this was put on the agenda because they need to start discussing it now if they are going to change anything. Attorney Schultz explained there are three ways to bill the garbage and rubbish; a millage, a fee, or by special assessment. The easiest is the millage. A special assessment is a process which is challengeable. You have to give notice and follow a process. You can also do a combination of millage and a fee. He explained with the fee you can only use the contracted amount for garbage and rubbish and divide that by the number of households.

Cassar feels this is a more simplified process and everyone is paying the same. Schultz further explained with the millage commercial parcels are helping to pay but not getting the benefit, so residents would be picking their portion up. Also a millage is tax deductible and a special assessment or fee is not.

Martin added if they do a fee they can only do contract cost (\$160,000) divided by the 854 homes. Council calculated this to be \$190 per household. Martin stated the remaining fees in the fund would have to be millage based. He brought up the garbage and rubbish budget and explained the other expenses.

Zubrzycki asked what the average household pays currently or what is their value. Martin stated 70% of the homes probably pay under \$100. Dzenko asked when the rubbish contract expires. Dryden thought it was 2018. Dzenko thought it was 2016. He would like to know for sure when the contract is up.

Lorenz questioned why they would do a special assessment; it is a lot of extra waste of time. The majority will be paying more. He questioned what the difference is from fee and special assessment. Attorney Schultz explained a fee is passing on the actual contract cost. Martin added and no additional costs that are in the budget. Generally a fee is added on a new line on the water/sewer bill.

Martin pointed out the fund balance in the garbage and rubbish fund is \$62,000 at 6/30/15. They took out \$62,000 from the fund balance during that fiscal year. They can't do that again. Lorenz reviewed the history of the garbage fund balance. Once upon a time they had a huge surplus in the garbage fund. Council decided they didn't want to have all this money sitting there so the millage rate was lowered to reduce the cost of garbage pickup. So the city has been running a deficit for quite a few years and now they need to change that.

Martin stated they are going to have to shift how expenses are charged.

Jim Endres didn't agree with any of this discussion. He feels it is wrong. It should remain the same way it already is. Dzenko explained to Endres how it is based on your taxable value.

Lorenz feels people knew when they bought their house that the garbage was a millage on their tax bill. He gets the argument and knows it is not 100% equitable, but he feels it is best not to change it since only a few will benefit from it.

Zubrzycki stated they may not have a choice if we don't get a millage passed to increase the two mills the fund is going to be in trouble. Martin added or they could do this combination fee and millage. Another option is reallocating those other expenses from the garbage fund.

Mayor Dzenko asked to discuss this at the next study session after they find out when Rizzo's contract expires.

Tri-City Fire Board

FD-002-15

Meskin shared there is around \$237,000 left in the Tri-City fund balance and would like to get this money disbursed back to the cities. The Tri-City Fire Board has a secretary who they pay to do the minutes and collect the checks from the three communities and issue a check to West Bloomfield Twp. He feels the best way to do is have the three cities electronically send their payments directly to West Bloomfield Twp. Also the Tri-City board has to pay for an annual audit, \$2600. He doesn't feel all these expenses are needed. He is not sure if the Board is needed. The biggest thing the Board does is listen to a report from the Chief. He would like to see the \$70,000 that would come back to the city go towards the pension liability.

Lorenz stated the fire board doesn't need to exist anymore. Martin reviewed the prior discussions with West Bloomfield. They didn't want to negotiate with three cities instead of one entity and they didn't want to have to collect three checks each quarter.

Attorney Schultz would like the opportunity to look into the agreement to see if the board can authorize to give the money back to the cities.

Lorenz suggested Meskin make a motion at the next Fire Board meeting. Dzenko asked when the next meeting is. Meskin stated it is January 6, 2016. Attorney Schultz will look into this before then.

Water Resource Commission

SW-008-15

Martin reported he is still waiting for one more piece to complete the agreement, the maximum capacity. We got the new rates retroactive back to May. He will leave this on the agenda until they have the agreement.

Ordinance Regulating Construction Sites

O-009-15

Council all agreed to pass on this ordinance. Martin felt it would burden a lot of other people if the ordinance was passed.

Moved by Meskin, seconded Zubrzycki, to remove the Ordinance regulating construction sites off the agenda.

Yes: All
No: None

MOTION CARRIED

Adjournment

Moved by Cassar, seconded Meskin to adjourn the study session.

Yes: All
No: None

MOTION CARRIED

The meeting was adjourned at 7:48 p.m.

Dennise Dryden, City Clerk