

A Regular Meeting of the Sylvan Lake City Council was held on Wednesday, December 10, 2014; opening at 7:38 p.m. Mayor Dzenko presided over the Pledge of Allegiance.

Present: Lorenz, Meskin, Zubrzycki, Cassar, Dzenko
Absent: None
Also Present: City Manager Martin, Clerk Dryden and Attorney Dovre

APPROVAL OF AGENDA

Moved by Cassar, seconded Zubrzycki, to approve the City Council Agenda for December 10, 2014, as submitted.

Yes: All
No: None

MOTION CARRIED

APPROVAL OF MINUTES

Moved by Zubrzycki, seconded Meskin, to approve the minutes of the following meetings, as submitted:

November 12, 2014 Organization Meeting
November 12, 2014 Regular Meeting
November 25, 2014 Study Session

Yes: All
No: None

MOTION CARRIED

APPROVAL OF DISBURSEMENTS

Moved by Meskin, seconded Zubrzycki, to approve the voucher report for November totaling \$251,517.70.

Nov Payroll	\$ 47,764.53	Check #'s	11658-11664 DD2084-DD2108 EFT886-EFT895 STUB 47-STUB 49
Accts Pay-Nov-Dec	<u>\$302,753.17</u>	Check #s	48012-48057
		EFT	861 (E) ó 869 (E), 875-881
		ACH	870 (A) ó 875 (A)
Totaling	\$ 251,517.70		

Yes: All
No: None

MOTION CARRIED

ACCEPTANCE OF REPORTS

Martin reported he will get the DPW and Police Reports to City Council by the next meeting. Mayor Dzenko received the Attorney's report for November and asked that it be placed on file.

COMMITTEE REPORTS

Jim Endres reported the Board of Review met today and heard one appeal which they approved. The Cable Commission met on the 4th and had a Parliamentarian do a presentation on the Open Meetings Act and how to run meetings. He thanked the Board members and Council who showed up.

Eric Wiegand reported for the Home and Garden Tour. They have five houses and are now looking for a larger house on the lake. Mayor Dzenko acknowledged his appreciation for all their work.

BRIEF PUBLIC COMMENTS FOR ITEMS NOT ON THE AGENDA

There were no comments.

CITY MANAGER COMMENTS

Martin hoped everybody had a wonderful Thanksgiving Holiday. He stated it's much appreciated when people come to the meetings to find out what is going on, voice your opinion and hear answers first hand.

Light Judging

Volunteers are needed to judge the holiday lights this year. We have asked all of the regulars and none of them are available. This can be a very fun activity for a group of people to drive around and see all of the displays. We will not advertise who the judges are unless you want to be thanked.

Events

The annual wine tasting event held by the Parks and Rec Committee was a great success with the largest turnout to date and a lot of new faces. The annual Holiday Cookie Exchange is this Sunday December 14th at noon at the Community Center and Santa will be here too. The annual Shop with a Cop event sponsored by the Police Department will again be helping to create a fun and enjoyable

holiday for some children and families that may not be quite as fortunate as others. The department will help raise funds in the way of donations and then purchase gifts for the families. This is happening next week so donations need to be in soon and can be made at City Hall or a check can be given to any of our officers.

Detroit Water Rates

Martin met with DWSD and our engineers to discuss our water rates a few times in the last month. The agreement on the agenda is the result of those meetings.

SAW Grant

The program is going very well. The laser scanning is completed and we have met to review the raw data. This is going to be an excellent tool for us to use as a base for many layers of data. It continues to be quite time consuming and a lot of it is time sensitive to keep everything on track. So when something comes up we need to make time and respond. One of things they will be working on is checking if the meter with the City of Pontiac is accurate. They have discussed putting in some temporary meters in various parts of the sewer system to monitor the flow. It will also give us readings during rain events, so they can see how much infiltration is going into the system, which indicates cracks in pipes and more importantly if households have gutters, downspouts or sump pumps connected to the sanitary sewer, which is illegal and the city is paying for it.

DTE

Martin has asked Mr. Palchesko for any update he can provide on our request for information regarding the power outages. He'll forward whatever he receives.

Seawall

The Contractor has begun the seawall installation and it looks great. Martin is very happy with the work and progress. Again he thanked Luke Cassar for all of the time that he continues to put into this project. He shared Cassar is painting the entire steel cap that goes on the top of the wall prior to its installation and is keeping an eye on the installation. The contractor is going to straighten out what he can of the wall and still be within the restrictions of the MDEQ.

Zoning Board of Appeals

The Board met again tonight to review Vision's site plan for variances and approved them with contingencies.

Leaves

The leaf collection program did not run as smoothly as it should have. Several residents put their leaves in bags because they were either waiting too long for them to be picked up, they were blowing around, etc. Rizzo did come back and pick up what bags were placed at the street after the collection was completed.

OPEB

Last month or two months ago, someone mentioned the unfunded OPEB liability shown on our web site. We were recently required to show this unfunded liability on our balance sheet, or audit report. We always have and will continue to review our medical benefits and programs for both active employees and retirees. We have made several changes to those programs with City Council approval. With all that being said, one of the requirements of OPEB is that we have an actuarial completed every two years. The down side of that is it is an expenditure of between \$4,000 and \$5,000 that could actually go toward funding the liability. This year it worked greatly in our favor. Due to the significant changes in our policies, the unfunded liability dropped from about \$1.5M to about \$757,000 and the suggested annual contribution dropped from \$106,530 to about \$57,600. The percent funded jumped from 7% to over 21%. This is a very big deal and should stop the comments similar to the one that was made a couple months ago about the state of our OPEB liability that was very inaccurate and misleading.

Martin reviewed our Standard and Poor's Bond Rating for the City increased one level from AA- to AA. That was due to the financial stability of the city and how it is operated.

Martin wished everyone a Merry Christmas, Happy Hanukkah, Happy Holidays or whatever it is you celebrate at this time of the year and have a wonderful New Year.

COUNCIL COMMENTS

Lorenz thanked everyone for coming and sharing their opinions. He thanked Bill Brundage for his work with the Police and wished everyone Happy Holidays.

Cassar concurred with Lorenz's comments and thanked Eric Wiegand and the Home & Garden Tour, Preston Wertheimer and Jim Endres for the Cable Commission. He also wished everyone a Happy Holiday.

Zubrzycki asked what happens to the bags of leaves that are still out. Martin reported they will have to be brought in and stored for the winter. Zubrzycki thanked Martin for the OPEB update. He shared an article about Bloomfield Hills partnering with DTE for a metering program. He thanked everyone for coming and wished Happy Holidays. He will try to come up with people for judging the lights. He thanked Bill Brundage for working with the police and Jim Endres and Preston Wertheimer for being on the Cable Board.

Meskin questioned the SAW Grant and if they send equipment into the sewer line to examine from the inside. Martin stated they will TV every sewer line to look at the condition of the line and show where every service connection is. In the end all of it will be assessed and given a rating. It only identifies. Meskin asked if the actuarial study was turned in yet. Martin stated we have copies at

City Hall to give to Council. Meskin asked when the pension actuarial is done. Martin replied MERS provides that annually. Meskin wished everyone Happy Holidays.

Dzenko thanked everyone for coming and being involved. He reminded everyone of the presentation for the new proposed development tomorrow. This is a concept presentation and there will be many meetings on this if they proceed with it. Their website is very good at this point and he feels this is a good thing for the city.

ACTION ITEMS

a. 2015 GWBCCC Budget

C3-005-14

Dave Albery explained the Commission again projects revenue at \$638,000. Approval of the proposed budget \$548,631 is projected to add about \$90,000 to the fund balance.

Moved by Meskin, seconded Cassar, to approve the Greater West Bloomfield Cable Communication Commission budget for 2015 as presented.

Yes: All
No: None

MOTION CARRIED

b. Resolution to Accept 2015 CDBG Funds

B3-003-14

Moved by Meskin, seconded Cassar, to approve the resolution to accept CDBG Funds for 2015.

Yes: Meskin, Zubrzycki, Cassar, Dzenko, Lorenz
No: None

RESOLUTION ADOPTED

c. Appointment of Dock Committee Members

A2-008-14

Mayor Dzenko appointed Bill Brundage, Patty Harrop, Brian Champa, Dick Pfeffer, Ed Robbins and Michael Holbrook to the Dock Committee for a one-year term.

Moved by Lorenz, seconded Cassar, to confirm the Mayor's appoints to the Dock Committee as stated.

Yes: All
No: None

MOTION CARRIED

d. Appointment of Parks & Recreation Committee Members

A2-009-14

Mayor Dzenko appointed Patrick Runk, Terri Etter, Patty Harrop, Mary Lewis, Kay Carpenter and Thomas Hubbard to the Parks and Recreation Committee for a one-year term. He noted he didn't get to speak to the other applicants and will make one more appointment next month.

Moved by Lorenz, seconded Cassar, to approve the Mayoral appointments to the Parks and Recreation Committee as stated by Mayor Dzenko.

Yes: All
No: None

MOTION CARRIED

e. Appointment Board of Review

Mayor Dzenko appointed Nick Murray to the Board of Review for a three-year term.

Moved by Meskin, seconded Lorenz, to approve the Mayoral appointments to the Board of Review as stated by Mayor Dzenko.

Yes: All
No: None

MOTION CARRIED

f. Appointment of Zoning Board of Appeals Alternate

Mayor Dzenko will make this appointment next month.

g. Banking Institutions for 2015

Zubrzycki asked if there are any new or removed banks this year. Dryden reported Level One Bank is newly added. They have 800 Million in Assets, 7 branches and a five star Bauer Rating for 15 quarters.

Moved by Cassar, seconded Zubrzycki, to approve the list of banking institutions for 2015 as submitted.

Yes: All
No: None

MOTION CARRIED

h. Resolution to Allow General Fund to Loan Funds to the Sewer Department for Cash Flow

Martin reviewed his comments from the study session that the sewer fund is in the red. The loan is expected to be repaid by the end of the fiscal year, June 30, 2015.

Meskin asked why the general fund isn't just transferring the funds like it does for the streets. Martin explained we don't transfer funds to the street funds unless there is a special project or money for streets is deposited in the General Fund. Martin further explained the water and sewer funds should and generally do pay for operation and maintenance of the system and fund. It is not paid from taxes. If there are projects that need to be done in the water or sewer then usually it is done through a bond. Meskin stated it is still coming out of the residents pocket whether it is taxes or water/sewer fees. The bond can be repaid from taxes if approved by voters or repaid through the water/sewer rates.

Lorenz explained the water/sewer funds stand on their own. He feels there is no need to change this at this point.

Zubrzycki thanked Martin and Dryden for the financial report. He asked how long the contract with DWSD is for. Martin stated 30 years with ten-year renewal terms.

Lorenz how much this has to do with the City of Pontiac and not receiving the sewer bills for years. Martin stated that is what brought the city to this point. If Pontiac was a little more expeditious in billing then this conversation would have been at a more leisurely pace.

Cassar clarified we are just playing catch up. We could have done two years ago but the city was in negotiations that long with Pontiac.

Moved by Cassar, seconded Lorenz, to approve the resolution to loan the sewer fund up to \$200,000 from the General Fund and to make the appropriate budget amendments from the General Fund Balance.

Yes: Zubrzycki, Cassar, Dzenko, Lorenz
No: Meskin

RESOLUTION ADOPTED

i. Contract with DWSD

Martin stated he and the engineers met and negotiated with DWSD and agree with the volumes and Max flow rates as proposed. This removes the Detroit Water Board and puts the new Authority in place.

Moved by Lorenz, seconded Cassar, to approve Amendment 2 to the Water Service Contract between the City of Detroit and the City of Sylvan Lake as presented.

Yes: Cassar, Dzenko, Lorenz, Meskin, Zubrzycki

No: None

MOTION CARRIED

j. Boat Dock Fees

Dzenko reviewed discussions from the study session and stated an increase of 2.5% annually is on the table.

Meskin doesn't want to see residents priced out. He doesn't feel this is the year to add additional cost. He doesn't feel it is necessary.

Cassar is a strong advocate of this. He feels docks are privilege and the rates are very low. He would like to see a higher increase but is ok with 2.5% and feels this is a step in the right direction.

Zubrzycki believes tax payers should pay a nominal fee. He proposed a rotating schedule to use docks. Seventy percent of the households don't live on the lake and make the money of those who do live on the lake.

Cassar respects those thoughts and opinions, but feels things change and require cost increases with maintenance, seawall, patrol of parks, and tax to keep parks private. It is an asset to the city having the parks and docks private.

Eric Wiegand asked what are the dock fees for. He thought they were for seawall. Martin explained about \$10,000 a year is dedicated for seawall repairs/improvements. The portion they are doing now will be in the general fund.

Preston Wertheimer asked Cassar if he lives on the lake. He feels this discussion doesn't affect him because he doesn't have to pay it. Cassar replied he pays for the privilege of living on the lake. It has nothing to do with who can and can't. It has to be do with the docks are an asset and the city should use it to their advantage. Wertheimer disagreed with Cassar. The city is not a market situation, unless you want to open it to bidding for citizens of Sylvan Lake only. It is not an open

market. He doesn't want it to be a revenue stream for city. He can afford increase but doesn't like Cassar's comments. Dzenko added there is cost for Sheriff Patrol too. Wertheimer agrees lake safety is imperative and the fee should be increased if it is not enough to cover the sheriff. Dzenko reassured Wertheimer City Council has had conversations to make sure it is not a revenue making fee.

Annette Meskin shared she lives on the lake and has to pay for a dock space. She and her neighbors are retirees on fixed incomes. The city is becoming a two-tier system of rich and poor and she doesn't like that. Everyone should be able to enjoy the city's amenities.

Cassar explained it is an \$11 increase the first year and in 5 years the fee will be \$509. It isn't until 2026 that fee goes to \$605.

Meskin feels they should wait a few more years. They already have the highest property tax rates around the area and now the water/sewer rates are increasing too. He feels the tax rates are enough to fund this.

Lorenz reminded him the dock and park fees don't cover the entire park budget and seawall maintenance. City Council has studied this and watches this. People don't want to address a situation when it needs to be addressed and then you get behind the curve. Waiting only causes larger jumps down the road and then emotions comes with it. They can always change it down the road. This is incremental amounts.

Jim Endres feels 2.5% percent is perfect.

Bill Brundage asked how much they are paying for the Sheriff to patrol. Martin estimated \$6,500 last year.

Zubrzycki is ok with an increase, but is not sure it needs to be 2.5%. He feels the CPI is good and is a more reasonable measure.

Moved by Lorenz, seconded Cassar, to increase the boat dock fee annually by 2.5%, following the fee schedule presented.

Yes: Cassar, Dzenko, Lorenz, Zubrzycki,

No: Meskin

MOTION CARRIED

k. Resolution Establishing Water Rates

Martin stated the rates are what were presented at the study session; it is a 60% increase to the total

bill which means each part of the rate will increase 60%. He provided revenue and expenditure reports for the audience showing history from 2006 to 2014. Detroit water fees have increased 28% and repairs 170% during that time period.

Cassar stated it is a hard pill to swallow but it has to be done.

Lorenz shared he did his own metrics study. He noted fees were lowered in the past because he is not a big fan of a large fund balance. He stated with this increase Sylvan Lake will still be below the average rate based on an article recently in the newspaper with Detroit Water rates. Using our average usage per household of 18,000 gallons Detroit water rates would be \$365; using our proposed rate with the 18,000 gallons our cost is \$312.

Bill Brundage thanked City Council for keeping on top of this. He agrees it is hard to take, but sees the need.

Jim Endres recommended City Council go forward with Martin's recommendation.

Meskin would rather do a 30% increase because he would like to see the audit report. He is questioning some expenses on this report.

Zubrycki questioned if the increase was enough. Based on these projections the revenues are less than the expenses. Martin noted he took out the depreciation expense which will be in the audit report along with bond expenses in the water fund.

Cassar hopes they will be able to drop the millage rate if at all possible. They will have to study this at the budget sessions. Dzenko agreed if they don't have big capital projects they should be able to. Dzenko noted the city runs a budget of 1.5M; eleven households alone could add up to more than that. He feels the city does a good job managing the funds. He added in six months they can reevaluate the rates again.

Moved by Cassar, seconded Lorenz, to adopt the resolution establishing the water rates as presented.

Yes: Cassar, Dzenko, Lorenz, Zubrzycki

No: Meskin

RESOLUTION ADOPTED

I. Resolution establishing Sewer Rates

Martin reviewed the revenue and expenditure report for the sewer fund. Pontiac's disposal rates have increased 72%. He has estimated \$420,000 for sewage disposal alone for this year. He is hoping the

SAW Grant will come up with some information on infiltration and inflow. Repairs have increased because they are needed.

Meskin again has a problem with this report and would like to see the 2014 audit report first. Lorenz stated before the meeting Meskin stated he agreed with this report matching the audit reports for 2009, 2010, 2011 and 2012. Meskin agreed, but doesn't agree with 2013. Lorenz stated using only those years Meskin agreed with, they each show a loss and the need for this increase in rates. He is happy to review it again after the 2014 audit.

Zubrzycki explained the average usage per household and what the fee would increase to.

Jim Endres understands the need to do. The fund has got to have the money.

Cassar respects Meskin's comments, but believes there is a 98% chance they need this. Dzenko added again they can review in six months.

Moved by Lorenz, seconded Cassar, to adopt the resolution establishing sewer rates as presented.

Yes: Dzenko, Lorenz, Zubrzycki, Cassar

No: Meskin

RESOLUTION ADOPTED

m. Expenditure for Community Center Storage Expansion

Martin explained the proposed storage increase. He stated Meskin got bids and has been working with the contractors. The bid came in around \$31,000 to do. New tables and chairs will be stored in this area along with a small locked storage for city use.

Dzenko asked if this was budgeted. Martine stated \$40,000 was budgeted.

Zubrzycki wanted to make sure at the study session they discussed increasing the peak season rate.

Moved by Meskin, seconded Cassar, to approve the expenditure not to exceed \$31,000 for the construction of an addition to the Community Center storage closet.

Yes: All

No: None

MOTION CARRIED

NON-ACTION ITEMS

- a. Security for Ferndale Park, Restroom and Boat Launch
- b. Community Center Storage and Furniture
- c. RV Fees
- d. Fire Dept

There was nothing new to report on these items.

ADJOURNMENT

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

Yes: All

No: None

MOTION CARRIED

The meeting was adjourned at 9:18 p.m.

Dennise Dryden, City Clerk