

A Regular Meeting of the Sylvan Lake City Council was held on Wednesday, February 11, 2015; opening at 7:31 p.m. Mayor Dzenko presided over the Pledge of Allegiance.

Present: Zubrzycki, Cassar, Dzenko, Lorenz, Meskin

Absent: None

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

APPROVAL OF AGENDA

Meskin requested item 11D to be removed from the agenda. He felt he needed more clarification. Council did not agree with this.

Moved by Lorenz, seconded Cassar, to approve the City Council Agenda for February 11, 2015, as submitted.

Yes: All

No: None

MOTION CARRIED

APPROVAL OF MINUTES

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

January 14, 2015 Regular Meeting

January 27, 2015 Study Session

Yes: All

No: None

MOTION CARRIED

APPROVAL OF DISBURSEMENTS

Moved by Lorenz, seconded Cassar, to approve the voucher report for February totaling \$251,248.89.

Jan Payroll	\$ 46,848.77	Check #'s	11687-11695 DD2175-DD2198 EFT919-EFT927 STUB 50-STUB 52
Accts Pay-Jan-Feb	<u>\$204,400.12</u>	Check #s EFT	48118-48169 911 (E) 6 919

Events

February 14th taxes are due without penalty. The 14th is a Saturday, but the bills are still due by midnight. Penalties will apply for payment received after the 14th. City Hall will be closed Monday February 16th for President's Day. Saturday, February 28th will be a busy day at the Community Center. First is the annual Polar Plunge, which is a Law Enforcement Torch Run event and benefits the Michigan Special Olympics. It will begin with registration at 11:00 and the plunge at noon. The plunge itself goes very quickly, the participants tend to get out of the water pretty fast, so if you want to come down and watch, make sure you're here a little early. There are some pledge forms and a couple fliers if anyone is interested. Martin will be taking the plunge this year and needs to get some pledges! He thanked Sgt. Zuehlk for organizing this event again this year. That same evening (the 28th) from 6:00 to 10:00 will be the annual Chili cook off and Euchre tournament hosted by the Sylvan Lake Parks and Rec. There is a \$10 donation to enter the euchre tournament. There is also a \$10 donation if you do not bring chili. So, come on down with a pot of chili and have a great time with your neighbors. Jim Smith has volunteered again to be the Chairman of the Memorial Day Parade. Volunteers will be needed to help out.

Board of Review

Will be meeting by appointment here at the Community Center on March 9 and March 11 to hear residents that are questioning the assessment of their property. This is not to be confused with how much their taxes are, just what their property is assessed at. Assessment notices will be mailed around the 21st of February. Information on how to make an appointment will be in that information.

Special Election

E-001-15

May 5th at the Community Center residents can vote on the State proposal to raise the sales tax from 6 to 7 percent and several other attached bills. Also on the ballot will be a Pontiac School Millage proposal to levy 2.87 mills for a period of 5 years.

DTE

Martin has no new information regarding the power outages.

Seawall Installation

L1-001-15

This is complete for the most part. The city saved some money by agreeing with the contractor to install shorter sheets where it was found to be impossible to install the 12' piles. The money that we saved will be used to fill and grade a much larger area behind the seawall to help eliminate the ponding of water. Martin is going to assess the remaining steel seawall for wear and movement, along with the wall at the end of Pontiac Drive, before the lake level comes back up.

Zoning Board of Appeals

The Board was scheduled to hear a case tonight just prior to the Council meeting for a property on Lakeview. That hearing has been postponed to February 26. The petitioner is seeking several variances to allow them to install a patio or deck on the front of the house and an attached garage on the rear of the house. Plans and the list of variances required are available for review at City Hall.

Whitfield Property

C4-001-15

The purchase of the vacant school property is proceeding. That's really all the information Martin can give at this time.

Meeting with OCWRC

U-002-15

Martin did meet with the Oakland County Water Resources to discuss with them the possibility of taking over some or all of our water, sewer and storm systems in the city. He felt they had good conversations. They are going to get back with him with details and costs and some ideas. It can be as much or as little as we want. Along with that, the Water Resources has taken over the Pontiac Sewer Treatment Plant and all operations of the water/sewer. Martin will meet with them to discuss how they bill us. We had a very opposing philosophy of how it should be billed for many years with the City of Pontiac.

COUNCIL COMMENTS

Lorenz thanked everyone for attending and sharing their opinions. He wished all the plungers the best. He will happy to sponsor Martin, but he will not be plunging. He recognized the DPW for doing a good job on keeping the streets cleared.

Cassar concurred with Lorenz's comments and stated he will also sponsor Martin and he also will not be jumping.

Zubrzycki welcomed everyone. He asked everyone to donate if they can to the Polar Plunge. He will be attending the Euchre Tournament where it will be warm. He reminded everyone that it is volunteers that run these programs and events with limited resources. He hopes everyone will show their support and come out. Zubrzycki also shared a Boater Safety course is being looked into by Martin. They hope to have something this year.

Meskin read from the Oakland Press, Pontiac School District floats \$35 million millage for critical building repairs. A general obligation bond approved in 1991 will be retired June 30. The 1991 bond was levied at 3.87 mills per year, so voters would see a 1-mill reduction in taxes with approval of the proposed sinking fund. Meskin also read his prepared statement regarding his feeling on the water/sewer bill increase. In December Council was asked to increase the waters/sewer rates by 60% without having the latest audit report for June 30, 2014. He felt 60% was a lot to ask of the residents and would be a burden to the residents when not budgeted. When the audit report was available he looked at it and felt the increase was excessive. An increase was needed but not all at once. The general fund has \$900,000 in the fund balance, which \$200,000 was loaned to the sewer fund. The loan should have been an outright transfer which would have reduced the need for a 60% increase. He was also disturbed that a newsbyte was not sent out to say this was going to be discussed or after it was made. The residents only found out when their bills were received at their home. He feels they need to explore all options available and how much is really needed, types of repairs needed and

think about ways of paying for it. They also need to discuss what they will do when the existing bonds are paid off. He feels the water/sewer fees should be reduced now until the City Council and City Management has time to reexamine and explore all their options on how to finance their major expenses for water/sewer and roads going forward. He suggested taking the water/sewer rates back to what they were before this increase and city council by careful about raising any other fees at this time.

Dzenko stated there are five members on City Council and each has their opinion and four members voted in the increase that was needed. Everyone is allowed their opinion but that is all it is. He thanked everyone for coming. Dzenko address speeders on Garland at Cheltingham. He has spoken with Martin regarding this and Martin is beefing up on patrolling and has some other ideas too.

ACTION ITEMS

a. Cable Transfer Resolution

C3-001-15

Dave Albery explained the Comcast Cable agreement with Sylvan Lake has expired. Comcast earlier this year announced it is buying Time Warner Cable. Comcast and Charter Communications, another smaller cable provider, are combining to form a spin-off company called Midwest Cable, which has since been renamed Greatland Connections and that will be Sylvan Lake's cable provider sometime this year. Residents who have the comcast.net email address will receive notification this is ending and a new email address will be provided. They will push the comcast.net emails for the new address for one year giving residents enough time to notify everyone in their address book.

Pete Peters asked what alternatives residents have. He asked if they could deny the transfer and are they aware what this could mean. Mayor Dzenko explained they have no options. Albery agreed that's correct, under State law they (Comcast) can make the transfer and notify the customer. No approval is needed from the local communities. He stated residents can to change service to DIRECTV, Dish or AT&T cable service if they don't like Greatland Connections.

Moved by Meskin, seconded Cassar, to approve the Cable Franchise Resolution granting local approval to transfer the cable franchise from Comcast to Midwest Cable.

Yes: Cassar, Dzenko, Lorenz, Meskin, Zubrzycki

No: None

RESOLUTION ADOPTED

b. Appointment of Planning Commission Members

A2-003-15

Mayor Dzenko appointed Bill Brundage, Dave MacGillis, Ed Robbins, and Graham Cousens to the Planning Commission for a three-year term.

Moved by Meskin, seconded Lorenz, to confirm the Mayor's appoints to the Planning Commission as stated.

Yes: All
No: None

MOTION CARRIED

c. Water/Sewer Annual Rate Increase

U-003-15

Martin stated this was put on the agenda to discuss what we want to do with rates going forward so what happen last month doesn't happen again. Each year they will look at the funds closely and adjust the rates up or down based on sewage disposal, sewer repair costs, water repair costs, maintenance and Detroit rates. Detroit is proposing another rate increase this year. They have determined 90% of their costs are fixed costs. When doing their budget they are basing it on what they think we are going to use. Most communities are purchasing less water from Detroit. They are looking into increasing the base rate. Fortune 500 Magazine recently said potable drinking water is going to be about the same commodity as oil was back in the 90's.

Mayor Dzenko explained what City Council did and why. He stated there was no increase for nine years and the Fund Balance increased which helped so they didn't have to pass Detroit or Pontiac's increases onto the residents for years. In fact our sewer rates went down. Why now and not before? Because the City wasn't receiving sewer bills from Pontiac for years. Pontiac was in government turmoil. They finally sent the city a bill for \$1M and Martin negotiated it down to \$500,000. The City only knew what the new rates from Pontiac were a few months ago. Also the city has maintenance cost, water main breaks and sewer backups/breaks. From June 30, 2006 to June 30, 2014 our revenue in the water fund has gone down 9.2% and down 5.6% in the sewer fund; expenses with Detroit water increased 28% and 79% with Pontiac Sewer. Water maintenance cost increased 1500% and 278% in the sewer fund; making a 67% increase overall in the water fund and 62% increase in the sewer fund. Last month Council approved to loan the sewer fund \$200,000 to cover expenses beyond what the fund had. He further explained the water and sewer funds are stand alone funds. Tax dollars should not be pay for water/sewer bills. He had to pay the increase also and he didn't like it either. The city's credit rating is AA because of the way the City is run. In six months or two billing periods, council will again look at the rates to see if they can be adjusted.

Cassar understands it was a huge pill to swallow. He didn't like it either. He agrees the water and sewer funds are separate funds and should not be funded by the General Fund. The increase had to be done and it is unfair to say they shouldn't have been increased. Residents need to understand the costs. He hopes to bring the millage down, but he is not sure that is possible. They are looking into it.

Lorenz reminded everyone they are here to discuss future annual cost. He agrees with an annual review and doesn't agree with using general fund money for water/sewer funds. He stated the audit

report showing \$900,000 in the fund balance is only a snap shot and Council knows there were projects earmarked to come out of there. The bills just haven't been paid. Council works with a five year rolling projected budget which has those projects forecast. Lorenz feels Council, John Martin and Dennise Dryden have done an excellent job on this.

Zubrzycki reminded everyone the City Council also pays the water/sewer bills. They put off increasing the rates years ago because the 2 mills passed and then the 5 mills and that was hard enough to adjust to. Maybe they put it off too long. They still have to repay the \$200,000 loan. He agrees the size of the increase was a shock, maybe they could have done less but 60% was necessary.

Meskin challenged if tax dollars shouldn't go to water/sewer funds then why do administrative charges come out of the water/sewer funds. It is one city, one budget.

Dzenko explained the water and sewer funds pay for the labor it uses from the city employees. It doesn't take money from the general fund. Employees hour are tracked and charge to the department where the work is done. The budget was discussed and approved by council last year and it will be readdressed again this year.

Cassar reviewed Martin has been explaining this since he has been on council and probably before that. He feels Martin has gone over and above on managing this. He thanked him for his work and believes it would have been hard for someone else to manage it as well as he has.

Zubrzycki explained there are fixed costs. Employees work in the water/sewer department and their time has to be charged there. He referred to an article in the Free Press which say the average suburban water rate will rise 9.2% under one proposal by Detroit water and 14.1% under another.

Meskin stated if the city outsources the water and sewer departments they wouldn't lose an employee and the general fund would have to pick that cost for them.

Barb Meskin stated if Council is going to raise rates then they should mail out an explanation. Residents could have budgeted for it and it is not fair how they did this. She asked why they weren't notified so they could know and better understand. She added the internet and website can't be relied on, not everyone has electronic devices.

Jim Endres acknowledged that City Council struggled with this for months. So it has been discussed and residents can come to any meeting. He suggested not charging a penalty for the next two billing cycles.

Pete Peters questioned pumping water in at night at a lower rate. Can it be done or has it ever been done. Martin replied, no not necessarily. You have to have some type of storage and most communities don't have storage for this. He explained there are peak demands for hour and day and rates are based on those two variables; that number never comes down. Our water tower actually isn't big enough to save any significant money, but he did investigated it and found it was a 20 year

payback if Detroit didn't raise rates during that 20 years. Also if every community did this Detroit would still have to increase the rate because they still have costs.

Eric Wiegand asked what kind of revenue the increase will bring in. Meskin read Martin's spreadsheet \$386,000 in the water and \$554,000 in the sewer. Wiegand questioned only seeing one plumbing company doing all the city work. He asked if this had been bid out. Martin stated it is S&B Plumbing who the city uses and they have bid this out. S&B is not always the cheapest but they are in the ball park. They are always available to the city when needed, which is important. Wiegand asked if City Council has looked ahead if they are going to have to reline pipes down the road. Martin confirmed they are looking at that now.

Bozena Johnson agreed it was sticker shock to get the bill. She understands the increase and why it was done, but feels 60% was a lot. She looked for discussions on this and couldn't find any notices. She doesn't check the website regularly.

Jim Smith asked how our rates compare to neighboring communities. Mayor Dzenko replied Lorenz found them comparable and in the ball park with municipalities using Detroit water. They looked at it during prior meetings when they discussed the increase and how much it would be. Smith responded that is comforting to know.

Lorenz stated the rate increase was a necessary action. He asked to get back to the agenda item. Lorenz suggested setting a policy to review rates twice per year and officially vote on the rates once per year. It was not meant to lock Council in to taking action only during January.

Zubrzycki asked when the budget review is. Martin informed them City Council votes on the budget in May and it takes effective July 1st. Zubrzycki apologized how the rate increase was done and encouraged everyone to run for City Council. Zubrzycki feels he can support Lorenz's policy.

Meskin questioned if this would prohibit them from lowering the rates in another month? Dzenko informed him this has no impact, in six months from now they are going to review the rates. Meskin asked why they should do this then. Cassar responded so the residents know the policy.

Lisa Uchno asked why the rates were made retroactive. Martin explained the last reading went to October and they needed to start collecting now. She also feels residents should have known this in advance.

Annette Meskin suggested all agendas be on the website the Monday before the Wednesday meeting and to send out a newsbyte. Dryden stated the agenda went on the website last Friday. Dzenko let her know only 25% of the residents have signed up to get the newsbytes. Tina Herzberg stated the agenda was not on the website in December. Dryden stated she told her last month it was, but when Herzberg showed her it wasn't. Dryden said she is not sure why it isn't showing and she would contact the website management.

Moved by Lorenz, seconded Cassar, to have City Council review water and sewer rates in June and December of each year. In addition City Council shall annually, at the January City Council meeting vote to hold, raise or reduce water and sewer rates. Rate changes will take effect in the July billing cycle.

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

MOTION CARRIED

d. Community Center Rates **CC-003-15**

Martin outlined the proposed changes. Lorenz suggested they take these one at a time and to start with the resident's application. The first item gives residents advantage to reserve the center one month prior to non-residents. Jim Smith didn't feel one month was enough. Zubrzycki stated they debated over this.

Moved by Lorenz, seconded Cassar, to change the residents application giving them thirteen months prior to event to make a reservation.

Yes: All
No: None

MOTION CARRIED

Meskin stated there are several increases to discuss and they should stop now and put on the website before voting on this. Meskin made a motion to table this, but it died for lack of a second.

Moved by Lorenz, seconded Cassar, to change the resident application Item 1.c. to say if it is found a resident applied for the Community Center for a non-resident, the event would be canceled and the rental fee forfeited.

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

MOTION CARRIED

Next proposed change to the resident application is increasing the early access fee from \$25 to \$75. Martin explained this fee allows residents to go in the day before their event, if the facility is available, to setup for their event. They are only supposed to get in after 6 p.m., but what was found is they are coming early and that costs the city more money.

Annette Meskin doesn't understand why there is even a fee for early access. Bozenna Johnson said because they are using heat, air, electricity and water/sewer. Jim Smith feels residents are already paying for the building in their taxes and they should get it for free if you are a resident.

Moved by Lorenz, seconded Cassar, to increase the early access fee to \$75 for residents and non-residents.

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

MOTION CARRIED

Lorenz stated the next two items the resident's application maybe should wait on and get more public thought, \$100 tent or accessory fee and losing 20% or a minimum of \$50 for cancelling your event 90 days or more prior to the event.

Lorenz is fine with all the fee changes made to the non-resident application and read them. Meskin feel it is ridiculous to increase the fee that much. He feels rentals by non-residents are needed. The percentage of non-residents to residents was found to be equal. He is opposed to this. Cassar understands Meskin's concern, but reminded him they got comparable rates from other similar facilities and the city's rates weren't near them. Non-residents can shop the market and find out we are lower. Zubrzycki stated this goes with giving residents 13 month to make a reservation in advance, so if a non-resident doesn't want to pay the increase then it makes it more available for residents. He reminded everyone that back when they voted the millage there were two proposals on the ballot, one to build the facility and the other maintain it. Only building the center was passed so now City Council has to come up with ways to fund the center. Patty Harrop is glad Zubrzycki brought this up and added the taxes residents are still paying was for building the facility which is different from using the facility. They need to maintain it and keep it nice. Eric Wiegand asked if the rental fees were covering the expenses. Martin stated it is not profit making. Their expenditures are exceeding the revenues. Martin added they are running this place like a rental facility. He wished residents could find use during the day. If a group of residents want to use it come talk to City Hall. Cassar clarified that it has to be as a community to use, not a group.

Moved by Lorenz, seconded Zubrzycki, to approve the changes to the non-resident application as submitted, which included increasing all the rental fees, increasing the early access fee, adding a tent or accessory fee and adding 20% of rental fee will be forfeited if an event is canceled 90 or more before the event.

Meskin would like to abstain from voting. Attorney Schultz informed him he could not. Meskin knew he couldn't but would still like to. Lorenz stated the only way he can abstain is by being absent.

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

MOTION CARRIED

Moved by Lorenz, seconded Meskin, to table the two items on the resident's application for the tent and cancellation fee.

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. Fire Dept
- d. Ordinance to Regulate Construction Sites

There was nothing new to report on these items.

ADJOURNMENT

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

Yes: All
No: None

MOTION CARRIED

The meeting was adjourned at 9:16 p.m.

Dennise Dryden, City Clerk