

## City Council

### Regular Meeting Minutes

Monday, June 17, 2013  
7:00 p.m., Council Chambers



#### 1. Call to Order by Mayor Burr at 7:00 p.m.

#### 2. Invocation

- Bishop Dorothy Sherrod, Lily of the Valley Church

#### 3. Roll Call

Present: Arnold, Fitzgibbon, Gruber, Klavins, Kozlik Wall, Patterson, Burr  
Absent: None

#### 4. Approval of Agenda

Moved by Fitzgibbon, to approve the agenda. Seconded by Patterson

Voted Yes: All. Motion Carried.

#### 5. Consent Agenda: Items A thru G (Roll Call Vote Required)

Moved by Fitzgibbon, seconded by Patterson to approve the Consent Agenda as follows:

- A. Council will be requested to approve the City Council Minutes of June 3, 2013.
- B. Bills totaling \$797,303.79 for the period ending June 16, 2013 be approved and forwarded to the Clerk and Treasurer for payment.
- C. Council will be asked to the purchase of two parking pay terminals from the previously approved vendor, Total Parking Solutions, Inc., in the amount of \$30,460.
- D. Council will be asked approve a license agreement with Crescent Moon for an awning over public property.
- E. Council will be requested to approve the final budget adjustment for FY 13
- F. Council will be asked to approve Resolution 2013-37 for POLC MERS increase.
- G. Council will be asked to receive the following administrative reports and approved minutes to be placed on file:
  - 1) 05-13-13 LDFA minutes
  - 2) 05-14-13 Parks Commission minutes

A Roll Call Vote was taken:

Yeas: Arnold, Gruber, Fitzgibbon, Klavins, Kozlik Wall, Patterson, Burr

Nays: None

Motion carried

## BOARD & COMMISSION APPOINTMENTS

- 6. City Council will be asked to consider the appointment of Dan Mezak to a 5-year term on the Housing Commission expiring in 2018.**

Moved by Gruber, seconded by Fitzgibbon to approve the appointment of Dan Mezak to a 5-year term on the Housing Commission expiring in 2018.

Voted Yes: All. Motion Carried.

## UNFINISHED BUSINESS

- 7. City Council will be asked to consider an ordinance to amend rates for the City of South Haven Utilities.**

*Background Information:* The City Council will be asked to approve the utility rate ordinance. During this year's rate setting process, the Board of Public Utilities (BPU) approved an increase of 2% for the various components of the sewer utility rate. There were no increases proposed for the water or electric rates for the upcoming fiscal year. The average utility customer will see an increase in their monthly utility bill of less than \$1.00.

Please review the attached Utility Bill Comparison report based on the average residential utility customer.

Regarding the Electric rates, as discussed in last year's rate setting meeting, our contract with American Electric Power (AEP) provides us with competitive pricing per kilowatt hour. However, the contract cannot prevent market forces from impacting the overall cost of power. Over the past several years the City has observed increases in the cost of purchased power from AEP. Staff is pleased to report that although the City was assessed \$192,833 during the annual rate adjustment for 2012, the charges will be offset by a portion of the credit balance on account with AEP from the previous year. Because of prior year rebate and a slight change in the cost of power, staff and the BPU have recommended no increase in electric rates for the upcoming fiscal year.

Please note that the city's cost of power is still quite reasonable, when compared to other communities. Staff has prepared a description of how South Haven's utility costs compare to others in the area. Our residential service is over 26% lower than Consumer's Energy.

Moved by Patterson, seconded by Fitzgibbon to amend rates for the City of South Haven Utilities.

Voted Yes: All. Motion carried.

- 8. City Council will be asked to consider the following items regarding the Kalamazoo Street Phase 2 Special Assessment:**

- A. Hold a public hearing regarding the district.**
- B. Consider Resolution 2013-34: Determination to make public improvements; approval of plans and estimate of cost; final determination of special assessment for the Kalamazoo Street Reconstruction Phase 2 Project.**

**C. Consider Resolution 2013-34: Determination to make public improvements; approval of plans and estimate of cost; final determination of special assessment for the Kalamazoo Street Reconstruction Phase 2 Project.**

*Background Information:* Within the last several years, the City of South Haven has experienced a number of sanitary sewer overflow events in the residential area located west of Monroe Boulevard near Lovejoy Avenue. In response to these events, a series of construction projects have been planned in an effort to increase the capacity of the sewer system in this area and substantially reduce the risk of such overflows reoccurring. Once completed, these projects will include a new larger and deeper gravity sewer in Kalamazoo Street from Clinton to Lovejoy, new gravity sewer and forcemain under portions of Monroe Boulevard and Lovejoy, and a new Indian Grove lift station. These projects must begin at Clinton Street and continue upstream toward Lovejoy. The first phase of these projects is now completed and the second phase, now ready for construction, is described in further detail below.

Phase 2 Project Scope

This project will be a complete reconstruction of Kalamazoo Street from Lyon Street to Elkenburg Street. The work on Kalamazoo Street will include all new sanitary sewer, storm sewer, watermain, curb & gutter, driveway approaches, and asphalt pavement. The existing sidewalks will remain, but broken or uneven pieces will be replaced. The existing sidewalks will also be upgraded with new ADA compliant curb ramps at each crosswalk.

Phase 2 Project Budget and Special Assessments

This project was planned in the upcoming FY2014 budget. With design work now completed and bids in hand, the cost estimate has been refined with a summary provided below:

	Budget Amount	Total Project Cost
Water Fund	\$272,000	\$229,033
Sewer Fund	\$192,000	\$148,150
Street Fund	\$488,000	\$554,401
Total	\$952,000	\$925,584

We have prepared the necessary documents for the City Council to approve special assessments in keeping with similar past projects. The most recent similar projects have been Kalamazoo Street Phase1 in 2012, South Haven Place in 2009 and Superior Street in 2008. Each of these projects was funded in part through special assessments in the amount of 25% of the water and sewer cost. Based on that practice, the special assessments for this project would be \$2,313.15 for water plus \$1,320.48 for sewer, or a total of \$3,633.63 for most<sup>(1)</sup> properties.

Schedule

This project is scheduled for construction from July 9 through October 18, 2013, pending the necessary City Council approvals.

**Item A: Hold a public hearing regarding the district.**

Moved by Fitzgibbon to open the public hearing regarding the district. Seconded by Patterson.

Voted Yes: All. Motion carried.

No public comment at this time.

Moved by Kozlik Wall to close the public hearing regarding the district. Seconded by Arnold.

Voted Yes: All. Motion carried.

**Item B: Consider Resolution 2013-34: Determination to make public improvements; approval of plans and estimate of cost; final determination of special assessment for the Kalamazoo Street Reconstruction Phase 2 Project.**

Moved by Fitzgibbon to approve Resolution 2013-34: determination to make public improvements; approval of plans and estimate of cost; final determination of special assessment for the Kalamazoo Street Reconstruction Phase 2 Project. Seconded by Klavins.

Voted Yes: All. Motion carried.

**Item C: Consider Resolution 2013-35: Special Assessment Roll 2013-01; Notice of Public Hearing for the Kalamazoo Street Reconstruction Phase 2 Project.**

Moved by Fitzgibbon to approve Resolution 2013-35: Special Assessment Roll 2013-01; Notice of Public Hearing for the Kalamazoo Street Reconstruction Phase 2 Project. Seconded by Patterson.

Voted Yes: All. Motion carried.

NEW BUSINESS

**9. City Council will be asked to consider Special Event 2013-21: 4<sup>th</sup> of July Parade (July 4, 2013)**

*Background Information:* This special event is ready for City Council's approval. This year the South Haven Rotary Club and Kiwanis Club are sponsoring the parade which is scheduled for Thursday, July 4<sup>th</sup>, 2013. The streets will need to be closed by 10:30 a.m. with the parade stepping off at 11:00 a.m. The parade route is identified on the event application. Proof of insurance has already been provided.

Moved by Patterson to approve Special Event 2013-21: 4<sup>th</sup> of July Parade (July 4, 2013). Seconded by Fitzgibbon.

Voted Yes: All. Motion carried.

**10. City Council will be asked to consider a professional services agreement with the Al-Van Humane Society.**

*Background Information:* The City Council will be asked to consider approval of a contract for service with the Al-Van Humane Society for stray animal services within the City of South Haven.

Since 1968, the Al-Van Humane Society has operated as a non-profit animal welfare organization. The City of South Haven has traditionally made an annual contribution to the organization. Most recently the city has contributed \$7,000 annually to the Al-Van Humane Society, to assist with the shelter's services.

As part of a recent audit process, the City's auditor recommended that the City of South Haven take steps to develop contracts for service with any outside agency which the City provides regular funding to. As a result, the City's staff has worked with representatives from the Al-Van Humane Society to develop a contract for service. The contract for service does not seek to alter the annual budgeted expense to Al-Van, but does seek to illustrate the agreement between Al-Van and the City of South Haven.

If approved, the agreement will provide 5 years of recreation services from Al-Van Humane Society to the City of South Haven, with an annual expense of \$7,000 per year.

Moved by Kozlik Wall to approve a professional services agreement with the Al-Van Humane Society. Seconded by Klavins.

Voted Yes: All. Motion carried.

**11. City Council will be asked to consider Resolution 2013-36: A Resolution to set a public hearing date of July 1, 2013 for consideration of an industrial facilities tax exemption certificate requested from BEI International.**

*Background Information:* BEI International has filed an application for an Industrial Facilities Tax Exemption Certificate on May 31, 2013 with a location of 1375 Kalamazoo Street. The application listed the acquisition and installation machinery and equipment at an estimated cost of \$11,132. BEI International expects to retain 2 jobs within 2 years of completion as a result of this project. The estimated 12 year tax savings is \$579

Moved by Kozlik Wall to approve Resolution 2013-36: a resolution to set a public hearing date of July 1, 2013 for consideration of an industrial facilities tax exemption certificate requested from BEI International. Seconded by Fitzgibbon.

Voted Yes: All. Motion carried.

**12. City Council will be asked to ratify a collective bargaining agreement with the Technical, Professional, and Office Workers Association of Michigan (TPOAM) workers at the City's Department of Public Works and City Hall.**

*Background Information:* The City Council will be asked to consider authorizing the approval of a union contract with the Technical, Professional, and Office Workers Association of Michigan (TPOAM) workers at the City's Department of Public Works and City Hall. The overall percentage increase for the agreement is estimated to be 5.3% over the life of the contract, or an average of 1.77% per year for each year of the agreement.

The bulk of the staff at the Department of Public Works and some of the staff at City Hall are members of the TPOAM. The TPOAM have tentatively ratified their union contracts. The current agreements will expire on June 30, 2013. Provisions regarding hospitalization insurance, pension, and percent pay increase are the same for both contracts. Highlights of the contracts are:

- The term of the contracts will be three (3) years. The current contract is also a three year agreement.
- A provision was added to the contract for a cost share for health insurance that complies with P.A. 152. Employees will pay the lesser of the amount above the State established public employer hard cap or twenty percent (20%) of the cost of health insurance. Employees currently pay 15% of the cost of their health insurance.
- Members of the TPOAM bargaining unit will be offered the choice of two health insurance plans. The plans offered through Blue Cross Simply Blue will include a high deductible plan with maximum out of pocket costs of \$2,250 for single and \$4,500 for two-person and family with an employee funded H.S.A. and an 80/20 PPO plan with maximum out of pocket costs for annual deductible and co-insurance of \$1,750 for single and \$3,500 for two-person and family coverage.
- A health care savings program (HCSP) will be offered to TPOAM bargaining unit members. The plan will be funded entirely by employee contributions.
- Retiree insurance for future retirees will be eliminated at the end of the contract.
- Pay rate increases are: 0.0% on July 1, 2013; 3% on July 1, 2014 and 3% on July 1, 2015.
- Employees required to be on standby will receive additional pay. Employees on standby for a one week period will receive sixteen (16) hours of pay at their straight time rate of pay, up from twelve (12) hours. Employees on standby for a weekend period will receive eight (8) hours of pay at their straight time rate of pay, up from six (6) hours. The provision to pay additional for more than one instance of standby within a four week period was eliminated.
- Members of the union group will contribute less to their MERS pension. Members currently contribute eleven percent (11%) of their gross wages to their MERS pension fund. Employee contributions will decrease to eight (8) percent effective, July 1, 2013 or as soon as is reasonably possible after the contract is ratified.

The TPOAM unit includes twenty-seven full-time public works employees, one full-time office worker and two part-time office workers. The overall percentage increase for the agreement is estimated to be 5.3% over the life of the contract, or an average of 1.77% per year for each year of the agreement. Increases to base wages of 6.09% over the life of the contract are partially offset by lower employer contributions to health insurance. The contract has a total value of \$2,162,221 for the TPOAM unit, over the three year term.

The primary goal of the city's management during the bargaining process was to insert language which required health insurance cost share to comply with P.A. 152. The goal was met. As a result, staff recommends the City Council approve the agreement with the TPOAM, and authorize staff to finalize the contract.

Moved by Fitzgibbon to ratify the collective bargaining agreement with the Technical, Professional, and Office Workers Association of Michigan (TPOAM) workers at the City's Department of Public Works and City Hall. Seconded by Patterson.

Voted Yes: All. Motion carried.

**13. The City Council should consider approval of Resolution 2013-38, a resolution authorizing the City Manager to apply for the S2 grant.**

*Background Information:* The City Council will be asked to consider approval of a resolution which authorizes staff to submit an S2 grant application. The grant application is part of the S2 grant program, administered by the Michigan Department of Environmental Quality (MDEQ) for work related to the Indian Grove Infrastructure project.

The S2 grant program is designed to provide funds for planning, design and user charge systems for potential State Revolving Fund and Strategic Water Quality Initiatives Fund applicants. The grants will cover 90 percent of eligible costs. Recipients are limited to \$1 million in total grant assistance including grant awards under the prior S2 Grant program. On May 31, 2011, a supplemental appropriation bill providing authorization for the S2 Grants was signed by Governor Snyder. S2 Grant applications will be made available September 1, 2011. If approved by the City Council, staff anticipates having the City's S2 grant application submitted to the State of Michigan within the coming days.

The MDEQ originally granted approximately \$400,000 to the City of South Haven to assist with the City's Indian Grove Infrastructure project planning. Since February 2012, the City and Abonmarche have been actively working on sewer system analysis. Since the inception of the project, the study has grown to include additional flow monitoring in Casco Township and South Haven Charter Township. As a result, Abonmarche and MDEQ representatives have contacted the City to announce that additional grant funds may be available to the City, to assist with the additional analysis costs.

The grant application seeks additional funds for the planning and design for the Indian Grove Infrastructure project. Further, the grant application will seek funding for an updated Sanitary Sewer Evaluation Study (SSES.) The SSES will provide an analysis of the City's sanitary sewer system and offer guidance on projects which can limit the amount of inflow and infiltration into the public sewer system. Both projects relate to the City's long term planning and construction plans. The funding request seeks \$139,000 in grant and provides a \$13,900 local match from the City of South Haven. The original project and grant application was reviewed and approved by the City's Board of Public Utilities. Due to time constraints, the Board of Public Utilities has not been consulted on the request for additional funding. The MDEQ has indicated that they have some remaining grant funds available, but the city's application must be submitted in early June, if we are to have a chance at receiving the funds.

Finally, the S2 grant application is included for the City Council's review. Should the City Council wish to proceed with the request for additional grant funds from the MDEQ's S2 program, the Council should consider a motion to approve the following resolution.

Moved by Fitzgibbon to approve Resolution 2013-38: a resolution authorizing the City Manager to apply for the S2 grant. Seconded by Klavins.

Voted Yes: All. Motion carried.

**14. Interested Citizens in the Audience Will be Heard on Items Not on the Agenda**

*(You will be given up to 5 minutes to address your concerns.)*

None at this time.

## **15. City Manager's Comments**

### **16. Mayor and Councilperson's Comments**

**Kozlik Wall – Kudos to staff through power outage and Water Front Festival. This weekend is Harborfest.**

**Gruber – Thank you to staff through storm. Cape seal is better than expected.**

**Fitzgibbon – Experienced Cape seal on Webster and you can ride a bike on it. Thanks to Brian and staff through storm/power outage. Enjoyed Film Festival.**

**Patterson – Thanks to all the students that brought films to the festival. July 2<sup>nd</sup>, Ward One will be participating in a keeping the park clean effort at 9:00am. Please feel free to come out and help.**

**Arnold – Thanks to Brian and staff for all their hard work during power outage. Enjoyed Film Festival.**

**Klavins – Also went to Film Fest. Next year encourage everyone to attend the concert on the first night on the beach.**

**Burr – Need \$33,000 in firework money, so may be knocking at your door. Please answer because will make a second trip.**

### **17. Adjourn**

Moved by Patterson to adjourn. Seconded by Fitzgibbon.

Voted Yes: All. Motion carried. Meeting adjourned at 7:34 p.m.

RESPECTFULLY SUBMITTED,

Michelle Coffey  
Deputy City Clerk

Approved by City Council: July 1, 2013