

## City Council

### Regular Meeting Minutes

Monday, June 2, 2014  
7:00 p.m., Council Chambers



1. **Call to Order by Mayor Burr at 7:00 p.m.**
2. **Invocation by Pastor Eric Jarvis – First Assembly of God**
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 Klavins.

Voted Yes: All. Motion carried.

5. **Consent Agenda: Items A thru E (Roll Call Vote Required)**

Moved by Patterson seconded by Kozlik Wall to approve the Consent Agenda as follows:

- A. Council will be requested to approve the City Council Minutes of May 19, 2014.
- B. Bills totaling \$2,240,959.82 for the period ending June 3, 2014 be approved and forwarded to the Clerk and Treasurer for payment.
- C. Council will be asked to approve the marina budget amendment.
- D. Council will be asked to award the video upgrade contract to TPC Technologies, Inc.
- E. Council will be asked to receive the following administrative reports and approved minutes to be placed on file:
  - 1) 03-26-2014 SHARA Minutes
  - 2) 04-08-2014 Library Minutes
  - 3) 04-28-2014 BPU Minutes

A Roll Call Vote was taken:

Yeas: Arnold, Fitzgibbon, Gruber, Klavins, Kozlik Wall, Patterson, Burr  
Nays: None

Motion carried.

### UNFINISHED BUSINESS

**6. Council will be asked to approve Resolution 2014-24, a resolution approving an Industrial Facilities Tax Exemption Certificate for System Components, Inc.**

*Background Information:* The City Council will be asked to consider approval of an Industrial Facilities Tax Exemption Certificate for System Components, Inc., located at 1635 Stieve Drive.

The tax exemption request, which totals \$531,885, is for new construction and personal property acquired by the company. The applicant notes that the company anticipates creating 3 new jobs at their facility as a result of the project.

The applicant notes that the equipment described in the exemption request is a new Mazak Nexus machining center. The equipment is expected to increase the company's capacity and enhance their machining capabilities.

System Components, Inc. was founded in the City of South Haven in 1967. System Components, Inc. features a range of standard and custom designed couplings for power transmission applications. The company currently employs 44 full time staff members. Currently, the company is running three shifts to keep pace with production demands.

The estimated total value of the Industrial Facilities Tax Exemption Certificate for System Components is \$17,216 over the 12 year life of agreement if all machinery is included in the certificate. The tax exemption does include a "claw-back" provision, which allows the City of South Haven to seek the abated tax amount if the terms of the abatement are not met by the business.

Moved by Patterson to approve Resolution 2014-24, a resolution approving an Industrial Facilities Tax Exemption Certificate for System Components, Inc. Seconded by Fitzgibbon.

Voted Yes: All. Motion carried.

**7. Council will be asked to consider the following resolutions regarding the Fiscal Year 2014-15 Budget:**

**A. Resolution 2014-25: A Resolution adopting the 2014-15 Fiscal Year Budget for Component Unit Funds of the City of South Haven, Michigan.**

**B. Resolution 2014-26: A Resolution adopting the 2014-15 Fiscal Year Budget for General, Special Revenue, Debt Service, Capital Projects and Fiduciary Funds of the City of South Haven, Michigan.**

**C. Resolution 2014-27: A Resolution adopting the 2014-15 Fiscal Year Budget for Enterprise and Internal Service Funds of the City of South Haven, Michigan.**

**D. Resolution 2014-28: A Resolution setting the 2014 Property Tax Millage.**

*Background Information:* The City Council will be asked to consider the adoption of the Fiscal Year 2014-15 Budget, as part of tonight's City Council meeting.

The budget process begins in earnest in January with department heads preparing budget concerns and requests for the City Manager's review. The Finance Department compiles and reviews these requests. As staff works through the various budget projections, a series of reports are distributed for the City Council's review. This year workshop sessions were held by the City Council to make sure the budget is reflecting the adopted policy priorities of City Council.

The manager's proposed budget for 2014-15 is complete and is now presented to the City Council for consideration. It is available for the public to review, and can be downloaded from the city's website at [www.south-haven.com](http://www.south-haven.com) or can be obtained in print form at City Hall.

The City Charter requires a public hearing on the proposed budget, which was conducted at the May 19<sup>th</sup> regular meeting of the City Council. The City Charter requires adoption of a budget to occur at the first council meeting in June. For tonight's meeting, the City Council is requested to adopt the attached budget document for the Fiscal Year 2014-15.

**Item A: Resolution 2014-25: A Resolution adopting the 2014-15 Fiscal Year Budget for Component Unit Funds of the City of South Haven, Michigan.**

Moved by Fitzgibbon to approve Resolution 2014-25: A Resolution adopting the 2014-15 Fiscal Year Budget for Component Unit Funds of the City of South Haven, Michigan. Seconded by Patterson.

Voted Yes: All. Motion carried.

**Item B: Resolution 2014-26: A Resolution adopting the 2014-15 Fiscal Year Budget for General, Special Revenue, Debt Service, Capital Projects and Fiduciary Funds of the City of South Haven, Michigan.**

Moved by Patterson to approve Resolution 2014-26: A Resolution adopting the 2014-15 Fiscal Year Budget for General, Special Revenue, Debt Service, Capital Projects and Fiduciary Funds of the City of South Haven, Michigan. Seconded by Fitzgibbon.

Voted Yes: All. Motion carried.

**Item C: Resolution 2014-27: A Resolution adopting the 2014-15 Fiscal Year Budget for Enterprise and Internal Service Funds of the City of South Haven, Michigan.**

Moved by Fitzgibbon to approve Resolution 2014-27: A Resolution adopting the 2014-15 Fiscal Year Budget for Enterprise and Internal Service Funds of the City of South Haven, Michigan. Seconded by Patterson.

Voted Yes: All. Motion carried.

**Item D: Resolution 2014-28: A Resolution setting the 2014 Property Tax Millage.**

Moved by Kozlik Wall to approve Resolution 2014-28: A Resolution setting the 2014 Property Tax Millage. Seconded by Patterson.

Voted Yes: All. Motion carried.

## NEW BUSINESS

### **8. Council will be asked to consider Special Event 2014-28, Blueberry Festival to be held August 7-10, 2014.**

*Background Information:* The special event application for the Blueberry Festival has been processed and is ready for City Council's approval. This years Blueberry Festival is scheduled for August 7 -10, 2014. The application appears to be in order and consistent with past applications, with an additional request to keep Water St. closed through Sunday evening for the tractor pull and a Sunday afternoon/evening concert. Streets to be closed are identified on the application. Blueberry Festivals insurance, naming the City of South Haven as "additionally insured" proof of insurance has been provided.

Brenda Daggett – Spoke about the Blueberry Festival activities.

Moved by Patterson to approve Special Event 2014-28, Blueberry Festival to be held August 7-10, 2014. Seconded by Fitzgibbon.

Voted Yes: All. Motion carried.

### **9. Council will be asked to consider introduction of a utility rate ordinance.**

*Background Information:* During this year's rate setting process, the Board of Public Utilities (BPU) approved an increase of 2% for the various components of the water utility rate and an increase of 4% for the various components of the sewer rate. There was a reduction in the commercial power electricity use rate from \$0.115/Kwh to \$0.11/Kwh. The average utility customer will see an increase in their monthly utility bill of approximately \$2.94.

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 \$121,947 during the annual rate adjustment for calendar year 2013, 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.

Moved by Fitzgibbon to approve the introduction of a utility rate ordinance. Seconded by Patterson.

Voted Yes: All. Motion carried.

**10. Council will be asked to hold a public hearing regarding the Williams Street improvement project and the closing of the Downtown Infrastructure Area Benefit Grant.**

*Background Information:* The City Council will be asked to hold a public hearing to consider citizen comments on the project closeout of the Downtown Infrastructure Area Benefit Grant, under the Michigan Community Development Block Grant Program, for the Williams Street improvement project.

In March 2011, the Michigan Community Development Block Grant Program awarded the City of South Haven a Downtown Infrastructure Grant in the amount of \$750,000. The grant provided funds to upgrade the infrastructure on Williams Street, located in downtown South Haven. Numerous areas of sidewalk along the street fell outside of ADA compliance standards making the area difficult to use for persons with disabilities. The project resulted in the reconfiguration of Williams Street, enabling multiple forms of traffic (car, bicycle, pedestrian) to efficiently and safely traverse throughout this portion of the downtown. Project work included widening sidewalks, restructuring curbs, burying utilities, reconfiguring parking, and establishing dedicated bicycle lanes.

The Williams Street Improvement project was completed in 2013 and shortly afterwards, the Michigan Economic Development Corporation (MEDC) conducted an onsite monitoring review of the city's records to determine compliance with applicable laws and regulations.

As one of the requirements of the grant closeout, the City Council must hold a public hearing to take citizen comments regarding the project.

Moved by Kozlik Wall to open the public hearing. Seconded by Patterson.

Voted Yes: All. Motion carried. Public hearing declared open.

No public comment.

Moved by Kozlik Wall to close the public hearing. Seconded by Patterson.

Voted Yes: All. Motion carried. Public Hearing Closed.

**11. Council will be asked to hold a public hearing regarding the Phoenix Street Façade Improvement Project and the closing of the Michigan Community Development Block Grant.**

*Background Information:* The City Council will be asked to hold a public hearing to consider citizen comments on the project closeout of the Michigan Community Development Block Grant (CDBG) Program for the Phoenix Street Façade Improvement Project.

In March 2011, the Michigan Community Development Block Grant Program awarded the City of South Haven a Downtown Façade Improvement grant. The grant provided \$148,455.69 in CDBG funds to two (2) property owners, to restore their building facades. The private match totaled \$49,485.23. The city acted as the governmental agency to accept

and dispend the funds. No city funds were used on the Phoenix Street Façade Improvement Project.

The Phoenix Street Façade Improvement Project was completed in July 2013 and shortly afterward, the Michigan Economic Development Corporation (MEDC) conducted an onsite monitoring review of the city's records to determine compliance with applicable laws and regulations. Based on the monitoring visit, there were no significant compliance issues.

The project resulted in improvements to two (2) buildings located at 509 and 517 Phoenix Street. Improvements include brick and mortar repairs, window and door replacements, painting, tile replacement, and awning replacement.

As one of the requirements of the grant closeout, the City Council must hold a public hearing to take citizen comments regarding the project.

Moved by Kozlik Wall to open the public hearing. Seconded by Fitzgibbon.

Voted Yes: All. Motion carried. Public hearing declared open.

No public comment.

Moved by Kozlik Wall to close the public hearing. Seconded by Fitzgibbon.

Voted Yes: All. Motion carried. Public Hearing Closed.

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

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

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

Klavins: Thanked Brian for being on top of issues that arise.

Arnold: Thanked chief for being proactive on noise ordinance. Reminder that the car show is this weekend.

Patterson: Thanked police department and city staff for working on the noise issues.

Fitzgibbon: Thanked chief for working on the noise ordinance.

Gruber: Citations were issued for noise this weekend. Congrats to the 2014 graduates. Happy Birthday Derrick.

Kozlik Wall: Spoke about seasonal bike cops. Kudos to chief for working on noise ordinance.

Burr: Reminder of the ribbon cutting on Friday. Reminder of the Waterfront Film Festival.

### **15. Adjourn**

City of South Haven  
Regular Meeting Council Minutes  
City Hall, Council Chambers  
7:00 p.m., Monday, June 2, 2014

Moved by Patterson to adjourn. Seconded by Fitzgibbon.

Voted Yes: All. Motion carried. Meeting adjourned at 7:24 p.m.

RESPECTFULLY SUBMITTED,

A handwritten signature in black ink, appearing to read "Michelle Coffey". The signature is written in a cursive, flowing style.

Michelle Coffey  
Deputy City Clerk

Approved by City Council: June 16, 2014