

**PROCEEDINGS  
OF  
CITY COUNCIL  
OF THE  
CITY OF LOWELL**

For the Regular Meeting of MONDAY, **MAY 15, 2006**

The Meeting was called to order at 7:30 p.m. by Mayor Myers and City Clerk Betty Morlock called Roll.

Present: Councilmembers Hodges, Pfaller, Shores, Mayor Pro Tem Mathews and Mayor Myers.

Absent: None.

Also Present: City Manager David Pasquale, City Clerk Betty Morlock, DPW Director Dan DesJarden, Police Chief Jim Valentine, Planning Commission Chairman Clark Jahnke, Lowell Light and Power/Cable TV General Manager Tom Richards, Planning Commissioner Mark Mundt and Police Sergeant James Hinton.

IT WAS MOVED BY PFALLER and seconded by MATHEWS to approve the minutes of the May 1, 2006 regular meeting and the minutes of the May 9, 2006 special meeting as written.

YEA: 5. NAY: 0. ABSENT: 0. MOTION CARRIED.

IT WAS MOVED BY SHORES and seconded by HODGES that the bills and accounts payable be allowed and the warrants issued.

YEA: Councilmember Hodges, Pfaller, Shores, Mayor Pro Tem Mathews and Mayor Myers.

NAY: None. ABSENT: 0. MOTION CARRIED.

<u>BILLS AND ACCOUNTS PAYABLE (05/15/06)</u>	
GENERAL FUND	\$79,933.53
MAJOR STREET FUND	615.37
LOCAL STREET FUND	375.31
DDA FUND	68.00
AIRPORT FUND	2,555.89
WASTEWATER FUND	2,218.30
WATER FUND	18,685.83
DATA PROCESSING FUND	7,348.74
EQUIPMENT FUND	415.45

Item #1. **REQUEST FROM FIRST CONGREGATIONAL CHURCH – CLOSE ON BLOCK OF SPRING STREET.** Councilmember Hodges explained First Congregational Church is requesting Spring Street between Hudson and Lincoln Lake be closed on Sunday, June 4, 2006 between 9 a.m. to 12 noon for a street party. He noted this would be the last request as the church will be moving to its new location off Lincoln Lake north of the City in the fall.

Councilmember Shores stated the event has been going on for years. There has never been a problem.

IT WAS MOVED BY SHORES and seconded by PFALLER to close Spring Street on Sunday, June 4, 2006 between 9 a.m. and noon for the First Congregational Church.

YEA: 5. NAY: 0. ABSENT: 0. MOTION CARRIED.

Item #2. **REQUEST APPROVAL TO PLACE PATIO FURNITURE OUTSIDE VOYAGES (307 B. EAST MAIN STREET)**. Sterling Massey of Voyages Deli and Coffee Shop requested approval for placement of four small café tables with two chairs each on the sidewalk immediately in front of the business. Management will ensure maintenance and the removal of the furniture each evening.

Mayor Myers questioned if there was a City bench in front of the café. Pasquale believed the bench was in front of the office of Mika Myers nearby. Councilmember Hodges noted the benches can be moved. Councilmember Shores liked the idea.

IT WAS MOVED BY SHORES and seconded by HODGES to grant the request to place patio furniture outside Voyages at 307 B. East Main Street.

YEA: 5. NAY: 0. ABSENT: 0. MOTION CARRIED.

Item #3. **ORDINANCE AMENDING WALL SIGNS REGULATIONS IN THE CENTRAL BUSINESS DISTRICT – RECOMMENDATION FROM THE PLANNING COMMISSION – PUBLIC HEARING**. In responding to several businesses' proposals, the Planning Commission recommended a zoning ordinance amendment allowing wall signs on front and side exteriors of buildings in the Central Business District. Previously, it was determined that wall signs are allowable only in front of public rights of way, must face a street or a public or a private parking area. This presented a problem for those businesses having walls which face the Flat River.

City Manager Pasquale read the following into record from Historic District Commission members Stephen Doyle, Regan, Canfield, Zandstra and Straub:

- The Historic District Commission at its March, 2006 meeting rendered an opinion and voted 4 to 0 (1 absent) to uphold the current ordinance regarding signage on the side of buildings. Under the current zoning ordinance, a sign on the side of the building shall only face a public street or public or private parking lot. The opinion was rendered with the help of the City of Lowell's comprehensive plan which states in part, the image of Lowell emphasizes the heritage of the Flat and Grand Rivers. Measures will be taken to improve access and views to rivers from downtown. Including the prevention of excess and inappropriate signs on buildings facing or viewable from the waterfront. .

A letter from Jim Doyle was read into record as follows:

- I firmly believe that wall signs should not be placed over the river. They detract from the natural views and bring more commercialism into our unique downtown. There is plenty of wall space on buildings for signs to be placed facing streets. The west can have the blatant commercial signs that intrude, invite the franchise operators with their often, in your face signage. The downtown, with its historic character and river views should be different and should send a message that it is different. There is one chance to get this right. I hope the Council will see that they are making a very long term decision on what Lowell's character is.

Pasquale stated there have been some merchants who have expressed an interest to have a wall signage.

Councilmember Hodges stated he and Councilmember Shores attended the Planning Commission meetings regarding this matter. The Commission spent a great deal of time reviewing this matter. Hodges stated the signage can not exceed the required amount of square footage. Further, any signage has to meet within the Historic District guidelines. Hodges stated would support the amendment.

Shores was also in favor of the amendment. There are other signs in town which do not face a street or a parking lot, such as the Flat River Antique Mall. She believed the signs can be done tastefully.

Councilmember Mathews values the recommendation from the Historic District Commission as well as the recommendation from the Planning Commission. However, he was concerned about allowing this and would not support the amendment.

Mayor Myers noted the Planning Commission voted 6 to 2 in favor of adopting the new ordinance. It was pointed out that the Historic District voted 4 to 0 against the ordinance. Myers appreciated the work of the Planning Commission. However, he too would not support the amendment.

IT WAS MOVED BY MATHEWS and seconded by MYERS to deny the amendment regarding the wall signs regulation in the Central Business District.

YEA: 2. (Mayor Pro Tem Mathews and Mayor Myers)

NAY: 3. (Councilmember Hodges, Pfaller and Shores)

ABSENT: 0. MOTION DEFEATED.

IT WAS MOVED BY HODGES and seconded by SHORES to support the ordinance amendment regarding wall signs regulations in the Central Business District.

YEA: 3. (Councilmember Hodges, Pfaller and Shores)

NAY: 2. (Mayor Pro Tem Mathews and Mayor Myers)

ABSENT: 0. MOTION CARRIED.

Item #4. **2006 – 2007 BUDGET PRESENTATION AND PUBLIC HEARING.**

City Manager Pasquale read the following into record:

To: Mayor Charles Myers and Members of the City Council

The establishment of an operating budget for the fiscal year 2006 – 2007 provides a schedule of proposed revenues and expenditures. Priorities are confirmed through this process. This document represents many staff hours of work compiling needed equipment and facility requests. These requests were carefully reviewed in terms of limitations of available funds.

The following narrative provides an outline of key elements comprising the City budget for this year:

**GENERAL FUND**

- Revenues: The 2006 – 2007 General Fund Budget has proposed the rate of \$16.08 (mills) per \$1000 of Taxable Value. This includes 0.25 mills voted on November, 2002 for operating the Lowell Area Historical Museum. The projected revenues are to increase from 2.416 to 2.449 million dollars or a 1.37% gain.

It was noted that the Taxable Value would increase 5.9% (from 101.130 to 107.127 million dollars). Also, State Shared Revenues are projected to remain at \$414,000. But actions by the State could alter this significantly.

The fund balance is planned to be 1.6% or expected expenditures. The unreserved fund balance has been projected at \$39,018.18.

- Expenditures: The General Fund has a total of 2.443 million dollars in expenditures. This represents approximately the same expenditures as the FY 2004 – 2005 estimated budget.

This reflects a tightening of expenses because of lessened revenues. The primary points in reviewing these accounts are:

1. A 1.5 percent cost of living increase has been calculated into the budget for employees' salaries. No merit increases are planned.
2. The Police Department budget provides \$12,000 for the third year lease involving two police cruisers, replacement of four cruiser radios and unexpected equipment purchase (\$6,200), computer equipment expenses (\$1,000) and office

equipment for copier (\$800).

3. Two sets of fire fighter turnout gear, coats, helmets and gloves for the Fire Department.
4. The City will continue its refuse collection program whereby residents pay \$1.00 per bag. Also, the City provides the cost of residential recycling. Yard waste collection is provided with the residents paying \$1.00 per bag.

### **PARKS**

A total of \$5,000 is being allocated from the Lee Fund for park maintenance. Eight thousand dollars (\$8,000) are provided for future parks projects. The Parks and Recreation Commission has set aside six thousand dollars (\$6,000) as seed money for a skateboard park.

### **EQUIPMENT FUND**

No purchases of equipment are planned for this fiscal year.

### **DATA PROCESSING FUND**

No new purchases, except for software maintenance agreements, are planned.

### **AIRPORT FUND**

The Airport Fund has a current balance of \$15,622 on the loan from the General Fund, which was utilized to carry out improvements. With assistance from the State, the Airport Board is seeking to upgrade the facility to General Utility status enabling the airport to qualify for State grant funds. A \$70,000 loan from the Michigan Aeronautics Commission will assist in securing air easement enabling tree removals at the ends of the main runway. Through a contract with URS, work has commenced. During this year, easements will be secured and trees cut through a 90% grant from the State of Michigan.

The School of Missionary Aviation Technology had signed a ten-year agreement in 1997 to manage the airport. SMAT furnishes maintenance training of aircraft and flight services at the facility. A new contract is being negotiated between SMAT and the Airport.

### **DOWNTOWN DEVELOPMENT AUTHORITY**

The DDA has set aside \$75,000 for downtown projects.

### **CITY HALL CONSTRUCTION FUND**

With the sale of a \$4,725,000 Building Authority Bond in July 2002, the City Hall Renovation – Police Station Construction Project commenced. The project was completed and dedicated on July 12, 2003. A payment of \$340,660 for the fifth year of a 30 year bond will be issued.

## **STREET FUNDS**

No new projects through the Major Street Fund are planned. Gee Drive from the Creekside Park entrance to 2100 feet west is being reconstructed under a Federal Surface Transportation – Small Urban Grant program to be completed in June, 2006. A grant application to finish the remaining portion of Gee Drive has been submitted for 2008 funding.

No new projects are planned through the Local Street Fund.

## **WASTEWATER FUND**

The following rates have been approved by City Council as follows:

- User rate \$2.91 per 1,000 gallons per month
- Readiness to serve charge increases from \$13.60 to \$16.50 per residential unit per month.

The sewer main upgrading program will be continued allocating \$30,000, assigned to the Department of Public Works. A total of \$40,000 is allocated for sewer maintenance. Several manholes will be constructed or rebuilt (\$5,000).

## **WATER FUND**

The readiness to serve rate has been approved by City Council to be \$21.99 per month and consumption charge at \$1.43 per thousand gallons.

The following capital improvement projects include (1) wellhead protection program (well abandonment) (\$12,000), (2) relocation of water services (\$4,000), (3) Water Distribution map (\$10,000), (4) painting of downtown fire hydrants (\$1,875), (5) Water Treatment Plant floor improvements (\$8,000), (6) well pumps (\$15,000) and lab equipment replacement (\$3,000).

After two public hearings, the City Council will adopt the budget.

I wish to thank the members of city staff for their work on the budget. In particular, I would also thank City Treasurer Suzanne Olin, who spent numerous hours compiling budget funds data and assisting in evaluation of departmental requirements. Betty Morlock provided the typing for this document. The budget is truly a team effort and would not be possible without it.

Respectfully submitted,

David M. Pasquale  
City Manager

Mayor Myers asked if the budget was available on the web site. Olin noted it is available for review at the library and City Hall. She would check to see if it could be posted to the City's

website.

Mayor Pro Tem Mathews inquired regarding the Equipment Fund. No purchases are planned. He requested DPW Director DesJarden to compile a list of equipment the City has and the number of years it has been used. It is important to maintain and have proper equipment.

Mathews questioned if the City has asked the surrounding townships to participate in park expenses. Councilmember Pfaller stated the Parks and Recreation Commission has discussed charging a surcharge for those who are non City residents as opposed to the YMCA giving a \$25 gift certificate annually to City residents. Pasquale noted the Lee and Carr Funds provide available monies for park improvements.

Councilmember Pfaller questioned the township contribution to the fire department of \$30,000. Olin explained this is for fire rescue service.

Pfaller inquired regarding the amount of \$6,000 in interest which is listed under Other Income. Why did it increase to \$16,000? Olin explained she is conservative when budgeting for this.

Pfaller questioned the amount for fire and rescue services and charges under the General Fund. What does this consist of? Olin responded communications \$4,000, travel expenses, \$1,300, insurance \$3,200, utilities on the fire station \$16,000, repair and maintenance of the fire station \$5,000, repair and maintenance of vehicles \$14,000, hydrant rental fee of \$6,000, miscellaneous members \$3,000 and training of \$6,000 for a total of \$58,500. Pfaller questioned if this expense is shared with the townships. Olin responded no. The townships are billed monthly as well as annually.

Mayor Myers felt the General Fund reserve amount of \$39,000 was to low. Pasquale explained the City is trying to increase this amount. Olin added the City is reviewing its health insurance costs.

Myers noticed the Downtown Development Authority has a budget of \$75,000 for downtown projects. Was a budget submitted as to how this money is going to be used? Pasquale responded the DDA has not done so in the past. Monies have been allocated for several different activities. Particular projects have not been expressed at this point. Unused money remains within the fund.

Pasquale noted a public hearing will be held at the next meeting.

Item #5. **REVIEW AND CONSIDERATION OF THE LIGHT AND POWER AND CABLE TELEVISION BUDGETS FOR 2006 – 2007.** Lowell Light and Power and Cable TV General Manager Tom Richards presented the proposed budget. The board has tried to be conservative in their projections and tried to avoid overestimating revenue or underestimating expenses for the year.

Richards believed the sale of energy revenue would exceed the projections for this year by

approximately 4.5%. A seven percent growth is projected for the coming year. The growth derives from a usage increase as well as from the delayed recovery of purchase power costs through the power supply cost recovery adjustment factor.

Other revenues include services and fees. It appears Light and Power will be below projections for the current year. However, Richards anticipated a more normal activity, which in turn stimulates these services and fees.

The energy cost, includes primarily purchase power, which is projected to be approximately ten percent over the current year. The Regional Transmission Authority has determined in addition to providing transmission between the generator and the users, they will be the market which buys the energy at the generation point and sells the energy to the user. This has caused an increase of fees and charges to the utility. Light and Power has also seen increases over the year with the cost of fuel and fuel transportation. There are also extraordinary expenses related to the generation plant entitlements. The power cost recovery factor should help moderate the expenses and revenues over the next few years.

Richards explained distribution expenses are for building and maintaining local facilities. Light and Power anticipates the cost to be above its projections but below the past fiscal year. A five percent growth is expected.

Employee benefit expenses are anticipated to increase approximately one percent over last years actual. Richards conservatively projected a five percent growth for the upcoming year.

Light and Power is projecting 6.2 million dollars in revenues for the 2006 – 2007 year. This is approximately a seven percent increase. Just over 6 million dollars worth of expenses are projected. Approximately \$176,000 of net income is estimated and will be invested for future utility improvements.

Councilmember Pfaller noted there is an increase in sales amount of \$400,000. Does this pertain to the rate increase or increased usage? Richards could not recall. However, he believed the actual increase in usage is approximately four to five percent.

Pfaller questioned the deficiency energy charge. Richards explained Lowell Light and Power belongs to the Michigan Public Power Agency Pool. Each member of the pool contributes into generation assets.

Pfaller asked if there was a line item for the removal of the substation on Bowes Road. Richards responded no.

Pfaller commented on the increase of maintenance overhead lines. Richards stated this involves the repair of overhead lines, tree trimming and line clearance.

Mayor Pro Tem Mathews questioned the rate percentage increase to office employees. Richards explained a market study was performed and information gathered from other municipal utilities in the mid west region. This is done every three years.



Myers questioned the frequency of performance evaluations. Richards responded one is completed around the first of the year.

Mathews inquired regarding health insurance. Richards stated this issue is reviewed every year.

Myers questioned the special meeting expense for the 2005 – 2006, which totaled \$23,000. Richards explained approximately one third of this amount involves the attendance of conferences and meetings. The salary of the individual attending the meeting is also included.

Lowell Cable TV has been affected by the growth of satellite television. The direct to homes satellite system has been a key factor in a decline of subscriptions. However, the satellite share may be leveling off in Lowell. Lowell Cable is experiencing continued growth with the high speed internet.

On the expense side, the programming services are declining relative to the number of subscribers which are taking the service. But the per subscriber rates for these individual networks are continuing to increase from year to year.

Local expenses, business office expenses and plant maintenance expenses are projected to be very close to the prior fiscal year.

Myers inquired regarding the interest expense for customer deposits of \$11,000. Is there a similar line item within the cable budget? Richards responded no. Cable customers are billed for the upcoming month. Electric is billed after the meter is read.

IT WAS MOVED BY HODGES and seconded by SHORES to adopt the Lowell Light and Power and Cable TV 2006 – 2007 budget as proposed.

YEA: 5. NAY: 0. ABSENT: 0. MOTION CARRIED.

Item #6. **RESOLUTION APPROVING LOWELL SHOWBOAT RENTAL POLICY AND LEASE AGREEMENT AND AUTHORIZE THE LOWELL AREA CHAMBER OF COMMERCE TO KEEP THE CALENDAR FOR AND BOOK THE USE OF THE LOWELL SHOWBOAT.** As discussed at the last meeting, City Attorney Richard Wendt provided a Showboat Rental Policy and Lease Agreement based on recommendations provided by Chamber of Commerce Director Liz Baker.

In response to Council inquiry, the City is covered for liability through its own insurance policy. Therefore, the insurance requirement is no longer necessary. It is recommended that lessees secure their own insurance coverage.

Mayor Myers inquired if the insurance coverage is related to the value of the asset rather than the liability of an individual on the boat. Pasquale responded this is a liability policy.

Councilmember Pfaller suggested the City require an insurance rider. Mayor Pro Tem Mathews agreed. Pasquale stated the policy can be amended to state this.

IT WAS MOVED BY SHORES and seconded by MATHEWS to approve the Showboat Rental policy as written with the stipulation of including an amendment requiring additional insurance for those renting the Showboat.

YEA: Councilmembers Hodges, Pfaller, Shores, Mayor Pro Tem Mathews and Mayor Myers.

NAY: 0. ABSENT: 0. MOTION CARRIED.

Item #7. **RESOLUTION APPROVING AND AUTHORIZING EXECUTION OF A TOWER RENTAL AGREEMENT.** Guy Roberts of Brookhaven Technologies presented a lease agreement to utilize the Shepard Drive tower for internet services. The term of the agreement is one year for a rent of \$200 per month.

The agreement has been prepared by City Attorney Richard Wendt.

Roberts explained he is an IT consultant within the health insurance industry. He is trying to get service out by his house.

Councilmember Mathews liked the idea of a one year contract.

IT WAS MOVED BY PFALLER and seconded by HODGES to adopt the resolution approving and authorizing execution of the Shepard Drive tower rental agreement for Brookhaven Technologies.

YEA: Councilmember Hodges, Pfaller, Shores, Mayor Pro Tem Mathews and Mayor Myers.

NAY: 0. ABSENT: 0. MOTION CARRIED.

Item #8. **MONTHLY REPORTS.** Councilmember Mathews commented on the graffiti which was done in the girls bathroom at the library. He was disappointed with the individuals that did this.

Item #9. **CITIZEN COMMENTS.** Police Chief Valentine referred to discussion regarding the \$12,000 listed in the budget for police car leases. This is not new.

Cascade resident Sandy Frost-Parrish stated she is running for the County Commission and will be visiting Lowell residents. She noted she has much local governmental experience.

Item #10. **COUNCIL COMMENTS**. Councilmember Shores commented on the Memorial Day parade. Shores will provide coffee at her house.

Councilmember Hodges noted he was looking forward to Mayor Exchange with Coldwater. Councilmember Pfaller questioned if the Moose property falls within the jurisdiction of the Park and Recreation Commission. Can this piece of property on Front and Division be considered part of the Parks in order to be developed. Pasquale stated this has been designated as Park property and is in the master plan.

Pfaller stated Planning Commissioner Jim Hall presented a master plan for Recreation Park during the last meeting.

Mayor Myers received calls from residents regarding Light and Power's policy on stump grinding. The current policy does not involve grinding of the stump. Myers asked Light and Power to reconsider this policy.

Myers also received calls from industrial users regarding the recent increase in water rates. City Manager Pasquale explained City staff has reviewed the issue and has recommended these businesses decrease their meter size. This should significantly affect the bill. Some have larger meters than what is really needed.

Councilmember Shores did not believe stump removal should be the responsibility of Light and Power. Mathews suggested grouping several individuals together, when renting a stump grinder. Richards stated Light and Power has advised some customers of a special rate which has been worked out with a tree clearing company. DPW Director DesJarden questioned if the trees are within the right of way or on private property. He noted the City has always removed the stumps within the right of way. The DPW's policy is to grind the stump down six inches below the grade, add black dirt and seed.

Item #11. **MANAGER'S REPORT**. City Manager Pasquale reported on the following:

1. The following boards and commissions meetings minutes were provided:
  - Chamber of Commerce meeting of April 11, 2006
  - Merchants Committee meeting of April 26, 2006 and May 10, 2006
  - Lowell Area Recreation Authority meeting of March 8 and April 12, 2006
  - Lowell Light and Power and Cable TV meeting of March 30, 2006
2. With regard to a Council inquiry, the Airport Board authorized O.E. Bieri and Sons to gravel, ditch and raise the Airport entrance road in anticipation of asphaltting. The cost of \$1872 did not require competitive bidding. SMAT provided the hydro seeding (\$800) at its own cost.
3. Mayor Exchange Days with Coldwater is:  
Tues, May 16 in Coldwater

Tues, May 23 is here

4. In observance of Memorial Day, the City offices are closed on Monday, May 29. The Memorial Day parade is scheduled to start at 9:30 a.m.

Item #12. **APPOINTMENTS**. Mayor Myers stated there is an opening on the Planning Commission and an opening on the Light and Power and Cable TV Board.

IT WAS MOVED BY PFALLER and seconded by MATHEWS to adjourn to Closed Session at 9:02 p.m. to review pending litigation.

YEA: Councilmember Hodges, Pfaller, Shores, Mayor Pro Tem Mathews and Mayor Myers

NAY: 0. ABSENT: 0. MOTION CARRIED.

IT WAS MOVED BY PFALLER and seconded by MATHEWS to return to open session at 9:17 p.m.

IT WAS MOVED BY MATHEWS to adjourn at 9:18 p.m.

DATE:

APPROVED:

---

Charles R. Myers, Mayor

---

Betty R. Morlock, Clerk