

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

For the Regular Meeting of Monday, **MAY 21, 2007**.

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 (arrived at 8:02 p.m.), Shores, Mayor Pro Tem Mathews and Mayor Myers

Absent: None.

Also Present: City Manager David Pasquale, City Clerk Betty Morlock, City Treasurer Suzanne Olin, DPW Director Dan DesJarden, Police Sergeant James Hinton, Lowell Light and Power/Cable TV General Manager Tom Richards, Lowell Light and Power/Cable TV employees Chris Simmons, Amanda Geiger, Tom Russo, Mary Sawka, Gail McQueen, Light and Power/Cable TV Boardmembers Perry Beachum and Jim Maatman, DPW Equipment Operator Bill McQueen and Downtown Development Authority Chairman/Arbor Committee member Jim Reagan.

Due to the late arrival of Councilmember Pfaller, Mayor Myers asked for Item #5 (Repeal of Cable Television Ordinance) be delayed until his arrival. By general consensus, the Council agreed.

IT WAS MOVED BY SHORES and seconded by HODGES to approve the minutes of the May 7, 2007 regular meeting as corrected.

YEA: 4. NAY: 0. ABSENT: 1. MOTION CARRIED.

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

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

NAY: None. ABSENT: 1. (Councilmember Pfaller) MOTION CARRIED.

<u>BILLS AND ACCOUNTS PAYABLE (05/21/07)</u>	
GENERAL FUND	\$85,399.11
MAJOR STREET FUND	502.56
LOCAL STREET FUND	30.88
HISTORIC DISTRICT FUND	8,565.00
DDA FUND	1,077.86
AIRPORT FUND	9,287.00
WASTEWATER FUND	33,426.46
WATER FUND	7,544.49
DATA PROCESSING FUND	165.00
EQUIPMENT FUND	296.68
CARR FUND	200.00

Item #1. **PERMISSION FOR FIREWORKS DISPLAY.** Riverwalk Chair Betsy Davidson explained the Riverwalk Festival is planned for July 13 and 14, 2007. The Planning Committee has been meeting since January preparing for the event. As in the past, a duck race will be held. However, this year there will be one \$1,000 duck winner and five \$100 duck winners. Also, there will be 10,000 ducks for sale as opposed to 7000 ducks last year.

Many activities are scheduled, including arts and crafts and a used book sale. An antique fair will be held on Avery Street as well as a Showboat Nostalgia Amateur Night Talent Contest Saturday night with 12 acts performing. From those twelve, six will be chosen to perform on August 24 and 25 during the Showboat Nostalgia celebration which marks the 75<sup>th</sup> Anniversary of the Lowell Showboat.

The Committee is requesting permission to provide fireworks at Stoney Lakeside Park on Saturday, July 14, 2007.

Councilmember Shores questioned if Melrose Pyrotechnics was the same company who provided the fireworks last year. City Manager Pasquale responded yes. Mayor Myers noted a copy of their insurance policy has been provided to the City, which provides a liability access umbrella totaling \$4 million. A worker's compensation coverage and general liability is also included.

IT WAS MOVED BY SHORES and seconded by MATHEWS to grant permission for a fireworks display at Stoney Lakeside Park on Saturday, July 14, 2007.

YEA: 4. NAY: 0. ABSENT: 1. MOTION CARRIED.

Item #2. **PRESENTATION OF PROPOSAL FOR CITY'S NORTH WASHINGTON STREET PROPERTY FROM THE LOWELL AREA CONSERVATION ASSOCIATION.** Sharon Ellison of 407 N. Division was present, on behalf of the Lowell Area Conservation Association, to offer a proposal regarding the City owned property surrounding the Boy Scout Cabin on North Washington.

Ellison first became interested in the property when her son began a school project involving this subject. Ellison attended a past City Council meeting where there was discussion regarding 990 N. Washington (city owned house) and a decision was made indicating the City does not want to be a landlord and the home should possibly be destroyed. Ellison understood the City Council has insisted the Boy Scout cabin and this property is sacred. However, it appears steps are being taken to clear the property for annexation and possibly building homes. After completing the school project, her son stated "it is all about money and there is not anything one person can do".

Since then, a group of concerned citizens meet monthly to address local and environmental issues. The Citizens Advocate Group meets for the protection and conservation of natural resources within the Lowell area. The group decided to canvass a portion of City residents by circulating petitions. The petitions support the permanent preservation of the areas within the natural space, no development, available for use by the Boy Scouts, and the addition of hiking trails for the North Country Trails Association.

Ellison presented the 164 signatures received from the petition. Everyone the Association spoke with was interested in the issue.

The committee is aware proposals have been received from the Boy Scouts and the North Country Trails Association. There is great concern from citizens regarding the property and individuals will continue to worry about the property until it has been addressed.

Ellison submitted the proposal as follows: "North Washington street property, Section 35, of Vergennes Township, Kent County Michigan be permanently protected from development so that its natural character can be preserved as a valuable resource for future generations. We support the continued use of the cabin on the property by the Boy Scouts and other community organizations and the establishment of public hiking trails on the property in corporation with the North Country Trail Association. We urge you to hear what the people of the Lowell are saying. These are all City residents who signed the petition. If there are any hard feelings or misunderstandings we need to bury them and use this opportunity to be pro active and use them for our future. This would be a great chance to make the City of Lowell a better place to live".

Ellison suggested the issue be placed on the ballot.

Councilmember Shores noted the concern began some time ago during an Arts Council meeting. Since then, there has been a snowball effect with the issue getting bigger and bigger. When the decision is made, she wants it to be the right decision, not because she felt pressure. As said before, Shores did not want to see anything happen to the Boy Scout cabin. She did not want to see a housing development either. Currently, Shores stated she is feeling much pressure and is not ready to make a decision.

Councilmember Hodges liked the idea presented by Ellison. He commented on the property next to the Boy Scout cabin, with respect to neighboring property owner Ken Gregerson, and the issues with easement and/or a little extra elbow room for his particular needs.

Mayor Pro Tem Mathews indicated he and Mayor Myers met then Light and Power Boardmember Bill Thompson, Ellison and representatives from the Boy Scouts and North Country Trails. During this meeting and several other times, Mathews has questioned what will be done with the house, where the property will be for the North Country Trails and if a parking lot is going to be placed. He questioned who would maintain the area as well. He noted gravel is not cheap. To this day, Mathews still has not seen anything proposed on paper of what they wish to do.

Mathews noted an individual asked his wife, Jayne Mathews to sign the petition at which she answered she was in a hurry. The petitioner asked again at which time Mathews responded she wanted to stay neutral. Again, Mathews stated such action goes back to feeling pressured. The Council wants to make the best decision for the residents of Lowell. Mathews wanted to see all the options first.

Mayor Myers stated as recent as today, he interviewed two Boy Scouts for the purpose of receiving their merit badges. He recognized the value in the heritage of the Boy Scout Cabin. He

believed it has been the sentiment of the Council that the Boy Scout Camp itself is sacred. The Council does not want to destroy what is there.

Myers questioned the feasibility for housing on the southern end of the property, possibly along the road. Additional housing will increase the tax base and help support what needs to be done on the property. He too is not at the point of making a decision. However, he does feel the need to preserve the Boy Scout Cabin. The Boy Scouts are relatively few in number compared to the taxpayer base of Lowell. With that in mind, he could visualize a park with trails, not necessarily named the Boy Scout Cabin anymore but something which makes it accessible to all. The community is fortunate to have grant options and funding could be requested for the area.

Myers inquired regarding the issue being placed on the ballot. City Clerk Morlock stated this does not fall under a proposal. It is considered an advisory, which the State would probably not allow.

Shores did not believe any action could be taken tonight. This needs to be studied and can not be settled right away. She did not want to see a housing development. However, it didn't seem like a bad idea to see some houses built along the road.

Mathews suggested a worksession be held in the future in order to have additional discussion with the public.

Ken Gregerson of 938 N. Washington stated he contacted Williams and Works regarding a survey and he is in the process of receiving other bids in order to establish base lines of his property. He is also requesting it be plotted out with the additional 70 feet to the north, with the east and west boundaries at 200 feet. The section he is acquiring is 70 to 200 feet to the north. Gregerson stated he wishes to purchase the property once the survey is received. Myers noted a purchase would require a bid process.

Gregerson asked if an easement was granted would he be allowed to alter the property. City Manager Pasquale explained this is negotiable. It depends on what the easement allows.

Myers stated a worksession will be established for further discussion. Interested parties are invited to attend.

No further information was discussed.

Item #3. **CITY ARBOR BOARD ORDINANCE – PUBLIC HEARING**. As part of the Tree City USA Program, the City is required to establish a tree (arbor) board. The ordinance sets fourth the creation of the board along with the duties and responsibilities, composition, term of office, vacancies, removal from office, compensation, rules of procedure, meetings, quorum, chairperson and execution of contracts and commitment of funds.

After receiving public comments, the Council may consider adoption of the ordinance.

As noted previously, an Arbor committee has been meeting on a regular basis. The committee composed of Light and Power General Manager Tom Richards, DPW Director Dan DesJarden, Dr. Jim Reagan, Lowell Showboat Garden Club representative Dana Chase and City Manager Pasquale have been working on establishing policies regarding trees.

The Look Memorial Committee has awarded a \$5,000 grant to purchase and plant trees for the Bowes Road area. It is estimated that 20 trees (1 ¾" diameter, 6' high) could be planted in locations at the owners' discretion. DPW Director DesJarden is in the process of contacting owners.

DesJarden noted he has received 11 commitments from Bowes Road property owners to accept tree plantings. Pasquale indicated the first tree was planted last week in front of Pebble Beach Apartments.

Myers noted Councilmember Pfaller arrived.

Sharon Ellison of 407 N. Division asked if there was anything in place for preserving and protecting some of the older trees. Myers responded it is the management of all of this.

Councilmember Shores was in favor of the committee. She attended the tree planting ceremony which was very nice. Myers added the media coverage also showed a very nice picture of the ceremony.

Myers confirmed the ordinance presented was prepared by City Attorney Richard Wendt. Pasquale responded yes.

IT WAS MOVED BY HODGES and seconded by SHORES to adopt the City Arbor Board Ordinance as presented.

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

NAY: None. ABSENT: None. MOTION CARRIED.

Item #4. **REPEAL OF CABLE TELEVISION ORDINANCE – PUBLIC HEARING.** Mayor Myers read the following into record:

In 1982, Ivan Blough and Lowell's leadership had a great insight into forming our community owned cable TV enterprise.

For some time, the taxpayer owned, not-for-profit enterprise has been able to keep up with the technological advancements and provide upgrades to the system.

These include increasing the basic services from 14 to 49 channels, adding digital service which brought expanded choices to 132 options, and finally, offering a high speed internet to the technology choices.

We are grateful to them for their vision that has served the community so well for nearly 25 years. Subscribers have received excellent service and choices for a less than market price.

Before a discussion on the sale of the cable company, I want to make this perfectly clear to all involved.

The primary responsibility of the Lowell Cable Television Board and subsequently, the City Council is a fiduciary responsibility.

Aside from some of the operational issues, public hearings, approving or adjusting ordinances, the Council is elected by the public to watch over the public funds.

Based on that fiduciary responsibility, the council is often faced with difficult decisions. Consideration of the sale of the Lowell Cable Television is an exemplary example of a difficult decision.

The Cable Board of Directors brought this issue to the City Council in November 2004 when Comcast first contacted them with an interest in a purchase. When other providers were asked about their interest, only Comcast pursued the purchase option.

During the next two and a half years, as often happens in business dealings of this magnitude, Comcast, as a condition of their interest in a purchase, required in their purchase agreement, that the city maintain a condition of confidentiality regarding this transaction.

Today, we have come to a juncture of decision in order to add any additional channel choices, we need to upgrade the head-end plant at a cost of nearly \$1 million dollars; the cost of the original plant back at its inception.

Adding to this decision, equation is a decline in subscriber rates by over 20 percent since 2002. The subscriber counts were reduced from a high of 2,366 subscribers to a current number of 1,854 subscribers.

The market value of a cable system is driven by the subscriber count. I ask, with 1,854 subscribers and a market value of \$3.5 million dollars, what would the system have been worth back when the subscriber count was nearly 2,400? Would the value be \$4 million or perhaps, \$4.5 million?

The dish satellite cable system continues to eat away at our subscriber counts.

As the system upgrade to remain "remotely" competitive nears \$1 million,

As that cost would require price increases immediately of over \$5.00 per household in order to add just one more channel of choice,

As the \$800,000 debt incurred for the original system still remains, after 25 years, still at nearly \$400,000,

As our system with an upgrade as described, will still not be able to provide subscribers "On-Demand" TV and movie programming offered by the competition,

As our high speed internet service grows, other players have entered the marketplace and offer services for \$10 to \$20 less than what we are able to provide the service, and  
As we have applied a due diligence to seeking professional outside help in valuating our system to assure a fair market price,

As we see minimal basic cable choices by Comcast starting at \$13.75 to better serve our fixed income seniors and low income families, offering an affordable cable choice,

As we have seen a decline in revenue from the system, face a huge investment in upgrading the system, see the declining value of the system based on subscriber counts, we have come to a conclusion,

To protect this city asset from further decline, now is the time to sell the system.

The issue of sentiment in having a community system, has had to give way to a business decision, in the interest of the taxpayers' asset. I too, once served on the board of directors of the cable company, as has Councilmember Hodges.

We have all thought long and hard at the sentimentality of community pride in cable ownership.

The economics of continuing that pride, however, outweighed the feasibility of continuing forward without placing further burden on the taxpayers.

City Manager Pasquale read the following ordinance into record:

An ordinance to repeal Chapter 8, "Cable Television" of the code of ordinance of the City of Lowell

The City of Lowell Ordains:

**Section 1. Repeal of Chapter 8.** Chapter 8, "Cable Television," of the Code of Ordinances of the City of Lowell is repealed in its entirety.

**Section 2. Publication.** After its adoption, the City Clerk shall publish this ordinance or a summary thereof, as permitted by law, along with the date of its adoption, in the Lowell Ledger, a newspaper of general circulation in the City at least ten days before its effective date.

**Section 4. Effective Date.** This ordinance shall take effect ten days after its publication pursuant to Section 3 hereof.

Myers explained the reason for the repeal of the ordinance is for non-compete purposes. Lowell Light and Power/Cable TV General Manager Tom Richards responded this is his understanding.

Keith Valentine of 945 Lincoln Lake stated he is in favor of the Lowell Cable Company. He was pleasantly surprised with Lowell Cable after previously living in a large City. Lowell Cable was able to respond to a problem at his home the same day. While other cable companies may take a week to respond. Even though he is a big fan of the Lowell Cable Company and he does not want to see it go, he would yield to the discretion of the Council. He believed the sale was the right thing to do.

Ivan Blough of 623 N. Jefferson thanked Myers for providing the update. Blough was bothered with how Lowell Cable TV was sold and how it was presented to the people.

Blough explained the ordinance was established to protect the subscribers, not the taxpayers. It was set up because there were so many individuals who did not want cable in 1981. The City gave the Board the challenge to see if establishing a cable company was feasible. It was decided the company should only be funded on rates. Consequently, all the rate money is what has generated and built the system. The money used to build the cable system was borrowed from Lowell Light and Power.

Also, the board decided the subscribers would have to fund the company not the taxpayers with the reasoning if you didn't want it, you shouldn't have to pay for it. Consequently, no City budget money ever went into the operation of the funding or the support to Lowell Cable TV. The subscribers money came from Lowell Township, Vergennes Township and the City of Lowell.

The Council appointed boardmembers to approve or disapprove rate increases.

Blough provided Mayor Myers with other questions he would like answered as well as a testimonial from a Comcast subscriber.

He reiterated it is not taxpayer money and did not believe the money should go toward stabilizing the City budget.

Bob Reagan of 427 King Street and Building M6 of Schneider Manor explained he was fortunate to help write the City Charter. When Lowell became a City, there was much regarding the sale of Lowell Light and Power. Thankfully this was not done. He was bothered to see the City selling one of its major assets.

Jim Reagan of 680 Bowes Road, questioned what is to prevent the City Council from selling Lowell Light and Power. Pasquale responded the Charter. Reagan wished more information could have been provided sooner. He wanted a better explanation of why it is being sold.

Jim Hall of 724 N. Monroe was in favor of Lowell Cable TV being sold. Many individuals within the community are moving to Dish Network. He congratulated the Council on the sale.

Barb Barber of 318 King stated her son has been a customer of Comcast for several years and is very unhappy. She recommended the City find another company to buy the system.



Phyllis Lessens of Schneider Manor questioned which channels would be eliminated. She asked if EWTN would be available through Comcast. Myers stated Comcast will be in charge of this decision. There will be more offers than less. Lessens wanted this in writing.

Delores Dey of Schneider Manor asked that the questions presented by Ivan Blough be answered.

Mike Lessens of 218 Marsac did not believe such a decision should be in the hands of the Council. He raised concerns regarding Schneider Manor and apartment complexes not having room for satellite dishes.

Evert Bek of 299 Gulliford Trails and 1301 Bowes Road requested Ken Gregerson get the same secret negotiation when he buys something from the City as Comcast has.

Carolyn Jane Blough of 623 N. Jefferson did not understand why the ordinance needed to be repealed. Myers explained this is a condition of sale.

Councilmember Shores indicated Comcast was the only company to bid on the system. She did not believe it was a City budget issue because it does not affect the City budget. Much money would have to be put into the company in order for it to be successfully run. Having studied the system, Shores believed the time has come to sell the Lowell Cable TV.

Myers noted Comcast will provide 5% of their revenues from their receipts from the cable company to the City.

Councilmember Hodges stated he served 5 ½ years on the Lowell Cable TV Board. When the system was first instituted it was excellent. No one is very happy about this but as elected officials, they are charged with doing what is best for the City and its citizens. The Council regrettably supports this particular position. Individuals such as Jim Maatman, Perry Beachum, Dave Austin, and Bill Thompson who also agree this is the best decision.

Councilmember Pfaller referred to the question "is this to balance the City's budget". In no way are the funds from the sale of cable going to balance the City's budget. It seems there is a consensus from the board to establish an endowment fund with a portion of those dollars being put back into it. He would not support the dollars going toward the City budget.

Mathews agreed with the discussion and thanked Hodges for his words.

City Clerk Morlock noted the following letters and phone calls into record:

A call was received from Bonnie Ames of 749 Hunt who was concerned that many Lowell Cable users will change to dishes due to the high cost of Comcast. She believes this could hurt the City in the long run.

A letter was received by fax from Sandra and Jeffrey Miles of 2580 Gulliford stating they do not want the City of Lowell to sell Lowell Cable Company to Comcast.

Hodges also noted a letter was received from Margaret Hoats and Sandy VanStee opposing the sale.

IT WAS MOVED BY PFALLER and seconded by HODGES to approve the repealing of the ordinance for Cable Television.

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

NAY: None. ABSENT: 0. MOTION CARRIED.

Item #5. **REQUEST FOR SIDEWALK WAIVER – 705 ALDEN NASH.** Edward Overbeck, as a building contractor, requested a sidewalk waiver for a newly constructed house located at 705 Alden Nash, north of Gee Drive. He has stated that the nearest existing sidewalk is one half mile away.

A copy of a letter and pictures were provided by the contractor.

Overbeck stated he is representing the homeowners at 705 Alden Nash. The sidewalk does not connect to anything. He noted the landscape is hard and hilly.

Councilmember Mathews believed sidewalks provide a safe place for children to play.

Myers questioned the width of the lot. Overbeck responded 125 feet. There is an existing driveway with 25 feet to the one side and 80 on the other. At the end of that lot it would drop off severely to the neighbors' drive.

Myers questioned the number of lots between the lot in question and the property to the south with sidewalk. Overbeck responded the nearest sidewalk is the bank on the corner. The property is near the edge of the City limits.

Pfaller stated he has always been a strong proponent of sidewalks. However, after reviewing the pictures and knowing the terrain, he could see granting the exception.

Councilmember Hodges said he walked the area. This piece of property is north of Gee Drive. There is quite a distance from Gee Drive to the sidewalk near the bank. He would concur with Pfaller. Councilmember Shores also agreed. The area is more rural.

Hodges suggested a City walkway in the future.

Mayor Myers believed it was important to provide a safe haven for children to play. This runs along the edge of City limits. There has been talk about a development to the north on the Wege property. He was in favor of a sidewalk being installed.

IT WAS MOVED BY HODGES and seconded by SHORES to grant the waiver for sidewalk at 705 Alden Nash.

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

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

ABSENT: 0. MOTION CARRIED.

Item #6. **2007 – 2008 BUDGET PRESENTATION AND PUBLIC HEARING.** City Manager Pasquale read the following 2007 – 2008 Budget Summary into record:

TO: Mayor Charles Myers and Members of the City Council

The establishment of an operating budget for the fiscal year 2007-2008 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 2007-2008 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 2.449 to 2.512 million dollars or a 2.57% gain.

It was noted that the Taxable Value would increase 2.9% (from 107.127 to 110.243 million dollars). Also, State Shared Revenues are projected to reduce to \$397,855 (4% loss). But, actions by the State could alter this significantly.

The fund balance is planned to be 2.63% of expected expenditures. The unreserved fund balance has been projected at \$65,365.37.

- **Expenditures:** The General Fund has a total of 2.485 million dollars in expenditures. This represents approximately 0.89% increase in expenditures from the FY 2006-2007 estimated budget.

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

1. A 2.0 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 \$13,186 for lease payment involving two new police cruisers, replacement of three overhead light bars with LED light bars (\$6,200) overall computer network station upgrade computer equipment (\$3,500) and upgrade Clerk Dispatchers' computer (\$1,250).

3. Fire fighter turnout gear, coats, helmets and gloves for the Fire Department (\$3,300), install new carpet in dayroom of station (\$3,000) energy efficient lighting in stations (\$2,000) and replace entrance doors to truck bay (\$1,000).
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. Fourteen thousand dollars (\$14,000) are provided for future parks projects. The Parks and Recreation Commission have set aside six thousand dollars (\$6,000) for a skating rink at Richards Park. It is anticipated agreements with YMCA, Lowell Little League, Lowell Xtreme Softball and the Kent County Youth Fair will be completed providing a pay per participant for park usage.

### **EQUIPMENT FUND**

For the fiscal year, \$5,000 has been set aside for the first payment of a lease purchase for a cemetery truck.

### **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 easements 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 August, 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 Board and will be complete by August, 2007.

### **DOWNTOWN DEVELOPMENT AUTHORITY**

The DDA has set aside \$100,000 for downtown projects.

### **CITY HALL CONSTRUCTION BOND 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 \$326,550 for the sixth year of a 30 year bond will be issued.

### **STREET FUNDS**

No new projects through the Major Street Fund are planned. Gee Drive from Alden Nash to 1900 feet

east is being reconstructed under a Federal Surface Transportation-Small Urban Grant as well as the State Local Jobs Today Program to be completed in June, 2007.

No new projects are planned through the Local Street Fund.

### **WASTEWATER FUND**

The following rates are proposed for consideration:

- User rate \$3.26 per 1,000 gallons per month
- Readiness to serve charge increases from \$16.50 to \$19.91 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 new manholes will be rebuilt (\$3,000). A new roof top HVAC system at the Wastewater Treatment Plant will be installed (\$4,650).

### **WATER FUND**

The readiness to serve rate is recommended for approval by City Council to be \$23.12 per month and consumption charge would remain at \$1.43 per thousand gallons.

The following capital improvement projects include (1) cross connection program (\$14,000), (2) relocation of water services (\$10,000), (3) Water Distribution map (\$5,000), (4) Ground reservoir (Water Plant) interior and exterior repaint (\$45,000), (5) truck lease (\$5,000).

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

Respectfully submitted,

David M. Pasquale  
City Manager

Councilmember Pfaller requested a meeting be held with Pasquale, Lowell Light and Power and General Manager Tom Richards.

Mayor Pro Tem Mathews stated he supported the growth of the Equipment Fund after reviewing last year's budget. He questioned the amount of \$5,000 set aside for a cemetery truck. After much discussion with City Mechanic Brecken and DPW Director DesJarden it was agreed there was a great need to replace the cemetery truck and the truck driven by Water Distribution Supervisor Bob Robinson.

Myers questioned the proposed fund balance and what percent of revenues is that. Pasquale explained planned expenditure is 2.6 percent.

Mathews referred to the payment in lieu of taxes received from Light and Power. It seems this has built our General Fund balance for the year. If the City did not have this increase, what would be balance be? City Treasurer Suzanne Olin responded approximately \$30,000.

Myers went back to his fund balance question and explained he brings this up because he always asks other communities what type of fund balance do they expect to have built into their budget. The most recent was the City of Portland, who indicated they expect to have a 20 percent fund balance. Myers believed there should be enough to cover any particular emergency. It seems we have always been under 5 percent. He wanted more for a rainy day.

Councilmember Hodges noted the City of Portland has an income tax, which is why they have 20 percent. Myers indicated the City reserves their income tax for their road infrastructure.

No further information was provided.

Item #7. **REVIEW AND CONSIDERATION OF THE LIGHT AND POWER BUDGET FOR 2007 - 2008.** Light and Power/Cable TV General Manager Tom Richards explained the Council has been provided with budget projections both expenses and revenues for the coming year. These were prepared in February and approved by the board on March 1, 2007 and submitted to the City on March 2, 2007. Included is the 2005 – 2006 actual expenses and revenues, the budget projection for the 2006 – 2007 year, the projected actual for the year end for the current fiscal year end as well as the projections for next years revenues and expenses.

In each area of revenue and expenses, the Council is provided with a brief background summary of the significant fluctuations which are being experienced and what is projected for the coming year based upon the trends seen and what can be predicted.

The revenue side of the sales to residential customers is increasing at a faster rate than anticipated. They expect this area to continue to grow. Depending on the specific rate class, they fit into some commercial electric classes which are expected to fall slightly below projections for the current year. The company expects to see growth and usage in sales to smaller commercial customers, while there will be a slight decline in larger commercial customers. Some decline is based upon energy conservation efforts.

Service revenues which are tied to the activities of the customers are projected to finish the year below projections and increase slightly for the coming year.

Miscellaneous revenues are also running slightly below the current year's projection but should increase next year, especially if they are successful in leasing some space which is currently vacant at the Chatham Street Building. Councilmember Pfaller inquired if there was any interest in the building. Richards stated the building is listed with a real estate office.

On the expense side the larger expense, which is the cost of energy from both the partially owned power plants and from the MPPA Power Pool, was somewhat erratic with a costly outage for improvements at the Campbell 3 Plant (biggest source of power for Lowell) and some reductions of expenses resulting from the sale of tradable omissions credits for both the Campbell Plant as well as the Bell River Plant this year. They are projecting a slight overall reduction of energy and fuel cost for the coming year.

Distribution expenses which are mostly the local expenses related to maintenance and operation of the delivery system are projected to decline by approximately 10 percent over the coming current year. Pfaller inquired what this would be attributed to. Richards responded high expenses this year. This is not expected next year.

Expenses for accounting, marketing, administrative, benefits expense and miscellaneous expenses together are expected to fall below the budget projections for the current year. In total, we are projecting less than a one percent increase in overall revenues in 2007 – 2008 and an overall reduction in expenses by 2.7 percent which is estimated to result in a net income of \$160,000 for the coming year.

Mathews believed the budget was well prepared.

Pfaller questioned regarding office supplies and expenses. Richards responded there are 92 different accounts. All office supplies include telephone expense, many different expenses having to do with operation of an office.

IT WAS MOVED BY PFALLER and seconded by MATHEWS to approve the Light and Power Budget for 2007 – 2008 as presented.

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

Item #8. **APPROVAL OF CONTRACT BETWEEN THE COUNTY, CITY AND HOPE NETWORK WEST MICHIGAN (NORTH KENT TRANSIT) JULY 1, 2007 TO JUNE 30, 2008.** The City has utilized Hope Network – North Kent Transit for transportation services for senior citizens and the handicapped utilizing Federal Community Development Block Grant funds. As required by the U.S. Department of Housing and Urban Development (HUD), a contract for services between Kent County, the City and Hope Network must be approved as submitted.

IT WAS MOVED BY HODGES and seconded by PFALLER to approve the contract between the County, City and Hope Network West Michigan (North Kent Transit) from July 1, 2007 to June 30, 2008.

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

Item #9. **SERVICE DOOR REPLACEMENTS FOR THE PUBLIC WORKS GARAGE, WATER TREATMENT PLANT AND THE FIRE STATION.** Bids were received for replacing service doors at the Public Works Garage, Water Treatment Plant and Fire Station as follows:

Rapid Hardware	\$6,893.00
Richard Anderson	\$7,549.03
Fisher Door and Hardware	\$8,963.00

DPW Director DesJarden and Pasquale recommended the low bid of Rapids Hardware to provide and install these doors.

IT WAS MOVED BY PFALLER and seconded by SHORES to approve the low bid from Rapid Hardware in the amount of \$6,893.00.

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

Item #10. **AMENDMENT TO THE FIRE/RESCUE SERVICES AGREEMENT BETWEEN THE CITY, LOWELL CHARTER AND VERGENNES TOWNSHIPS - TABLED.** City Manager Pasquale explained this proposed amendment has become more complicated than originally looked at. He received some information there is some interest from Lowell Township to explore the idea of a Fire Authority, which was not envisioned as terms of this agreement. There will probably need further discussions with the township involved to find out exactly what type of arrangement is requested and what the City would accept.

Councilmember Pfaller questioned what was in the packet in reference to monies available through the State on the Joint Municipalities Agreements. There may be some State Funds available, if we were to come to a formal agreement. He wanted this reviewed.

The issue was tabled at this time. Pasquale stated the issue will be tabled until there actually becomes a situation where we have an actual formal document to consider. Myers suggested the issue be brought up in the Manager's Report.

Item #11. **MONTHLY REPORTS.** No comments were received.

Item #12. **CITIZEN COMMENTS.** Ivan Blough of 623 N. Jefferson believes when there is a difference of opinion he should have a solution. The Council has made a decision and he feels he has a solution that he wanted to read as follows:

If the City Council and the Lowell Cable Board feel that it is the best thing for the subscribers to get out of the cable business then let's do it in the same spirit and vision that Lowell Cable was founded. Under the ordinance, we did not expect the taxpayers of the City of Lowell and Vergennes Township to pay for something they did not want. Only the subscriber's money was used to build, support and maintain the system. I believe the solution is very doable with the following conditions built into the Comcast sales contract this could be a very good for Comcast, City of Lowell Council, Cable TV Board, and the fair to Lowell and Vergennes Township because it was their money used.

The following conditions to be included in the Comcast contract are suggested:

Comcast to hire and maintain at least the same number of employees from our area as now employed. It would be good PR for Comcast. As you know there is going to be a big marketing



blast and there will be a lot more subscribers when Comcast starts. Support the local businesses by giving the local dealers the opportunity to bid on all vehicles and service contracts for those vehicles used in our area including the gas and oil from the retailers in our area.

Appoint representatives from our area to be on the advisory board. Continue to pay the franchise fee to the local government. He noted this has already been addressed at 5 percent and with the increased subscribers there will be more money.

He challenged the City Council as follows:

- The three million dollar equity built up by the subscribers of the City of Lowell, Vergennes and Lowell Township must not be used by the Council to balance the City of Lowell budget.
- The three million-dollar equity is placed in an endowment fund, professionally managed by the Grand Rapids Community Fund, as our mayor has suggested. This will generate a minimum of \$150,000 per year after administration fees and an amount returned to the principal each year to offset inflation.
- In that Lowell Cable TV was founded to bring quality education and entertainment to our communities, I think it only fitting and fair to the communities of the City of Lowell, Lowell and Vergennes Townships, to use this whole \$150,000 for the benefit of these communities. These funds would be disbursed into scholarships to area students, grants to organizations and local businesses that will further their involvement in our local community activities such as government, entertainment, arts and education.

Blough stated he put much thought into this and would appreciate the Council considering his solution.

Lowell Light and Power/Cable TV General Manager Tom Richards responded to Blough's concern and suggestions. He explained prior to January, 2007 some of these ideas would have been possible but the State legislator in December approved what is called a uniform video services agreement. No longer can a community negotiate specific terms with a cable provider.

Item #13. **COUNCIL COMMENTS.** Councilmember Shores commented on a proposal submitted by her grandson Sean Burrows banning smoking in public buildings and restaurants. She also noted what a wonderful visit it was in the City of Portland. Shores mentioned the Memorial Day Parade and invited Councilmembers to her house for brunch.

Councilmember Hodges also stated the visit to the City of Portland was tremendous. Hodges went on to suggest for consideration, as the Wege property is developed, to look at offering an asphalted pathway which would run up and down Alden Nash to Bowes Road as well as down Foreman to Cherry Creek school.

Hodges referred to the cable issue. He has a deep concern for the Cable TV employees. He wanted them well taken care of.

Mayor Myers questioned the lane closures along M21. DPW Director DesJarden stated MDOT is

doing a whole M21 corridor from one end to the other updating all the signs.

Myers also wanted the lamp poles on Main and Hudson looking attractive before the summer concert series. DesJarden stated the DDA just approved this at the last meeting. The vendor has been contacted. DesJarden also indicated work is being done with the downtown clock which needs repair.

Item #14. **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 10, 2007
- Lowell Area Recreation Authority meeting of March 14, 2007
- Grand Valley Metro Council – Transportation Policy Committee meeting of April 18, 2007
- Downtown Development Authority meeting of April 12, 2007
- Lowell Light and Power and Cable TV Boards minutes of April 5, 2007

2. MDOT received bids for the Gee Drive reconstruction project (from Alden Nash to 1900 feet east). The low bid from Bultema Brothers Road Contractors was \$323,502.34, over \$100,000 less than the engineer's estimate.

A public information meeting for the residents is scheduled for Wednesday, June 6 at 7 p.m., City Hall. Construction is supposed to start June 26 and be complete by August 10.

3. In observance of Memorial Day, City offices will be closed on Monday, May 28.

The Memorial Day Parade will begin at 9:30 a.m.

4. Many thanks to all who were involved in the Mayor's Exchange Days with the City of Portland.

Item #15. **APPOINTMENTS**. Mayor Myers noted there are three Planning Commission members whose term expires on June 30, 2007. However, it is the intention to reduce the Commission from nine to seven members.

IT WAS MOVED BY MATHEWS to adjourn at 9:47 p.m.

DATE:

APPROVED:

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Charles R. Myers, Mayor

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Betty R. Morlock, Clerk