

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

For the Regular Meeting of **TUESDAY, JANUARY 22, 2008.**

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

Present: Councilmembers Altoft, Ellison, Mayor Pro Tem Hodges, and Mayor Shores.

Absent: Councilmember Pfaller.

Also Present: City Manager David Pasquale, City Clerk Betty Morlock, DPW Director Dan DesJarden, City Treasurer Suzanne Olin, Lowell Light and Power Manager Tom Richards, Lowell Light and Power Boardmembers Perry Beachum, Jim Hall, Keith Valentine and Judy Straub.

IT WAS MOVED BY HODGES and seconded by ALTOFT to excuse the absence of Councilmember Pfaller.

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

Mayor Pro Tem Hodges suggested the agenda be amended to include the presentation from the Lowell Area Historical Association Museum.

IT WAS MOVED BY ELLISON and seconded by ALTOFT to approve the minutes of the January 7, 2008 regular meeting as written.

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

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

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

<u>BILLS AND ACCOUNTS PAYABLE (01/22/08)</u>	
GENERAL FUND	\$86,422.68
MAJOR STREET FUND	4,064.54
LOCAL STREET FUND	16,776.42
DDA FUND	450.00
AIRPORT FUND	3,709.92
WASTEWATER FUND	166,437.50
WATER FUND	4,581.71
LOWELL CABLE TV FUND	24,002.61
EQUIPMENT FUND	2,660.62
CURRENT FUND	84,264.95
LEE FUND	53.50

Item #1. **PRESENTATION FROM THE LOWELL AREA HISTORICAL MUSEUM.** Executive Director Pat Allchin of the Lowell Historical Museum thanked the Council for the opportunity to provide an update regarding the Museum for the year 2007.

The Community of Lowell can be very proud of its Museum.

Highlights of the Year are as follows:

- New 2008 Historical Calendar cost \$8
- Showboat Nostalgia Weekend
- Publication of “Where the rivers Meet – A Pictorial Journey Through Historic Lowell” sells are still strong
- Total number of participants – 20,708
- Total number of volunteers – 50 with over 4500 hours of service
- Two Traveling Exhibits – “Lowell Showboat” & “The Red Arrows”
- Special Exhibit – “Gizmos & Gadgets” opened November 3
- 2008 Traveling Exhibit – “Ghost Towns of the Lowell Area”
- Gift Shop Sales Net Profit \$1,653.89
- Oral History Project
- Grants – MCACA, Lowell Area Community Fund, Lowell Area School Education Foundation, Historic District Commission
- Government Support –

Lowell Township	\$2,500
Vergennes Township	\$1,500

Allchin requested the allocation of funding for the on-going support of the Museum.

Item #2. **2006 – 2007 AUDIT PRESENTATION.**

a) City of Lowell. Steve Thompson of Biggs, Hausserman, Thompson and Dickinson presented his firm’s findings on last year’s accounts and records. It was found the financial statements fairly present the financial position of the City of Lowell and the results of operations for the year that ended in accordance for generally accepted accounting principals. There are no exceptions to the report and this is a clean opinion.

Thompson went on to explain the audit report includes a “Management Discussion and Analysis”. This is a narrative of the financial statements and what has happened over the past year as well as some of the financial highlights as follows:

- Reconstruction of the remainder of Gee Drive
- Sale of Lowell Cable TV department
- Began construction of a building addition to the firebarn to house ambulance personnel.

There are two types of financial statements which include the Net Assets of all the funds of the City and the GASB 34 Statements. Also included were the individual fund financial statements.

For the year end of June 30, 2007, the General Fund showed the results of total revenues of 2.6 million dollars with total expenditures of 2.2 million dollars for excess revenues of almost \$400,000. Overall, there is a net change of fund balance of approximately (\$4,364) for the past year. The beginning fund balance was not quite \$40,000 with an ending fund balance of the General Fund at approximately \$35,000 as of June 30, 2007.

Some of the major issues within the General Fund include the construction of the ambulance building. There were also some contributions from the ambulance company and the local townships. The fund balance has not changed much and is approximately 1.5 percent of expenditures, similar to that of last year.

The revenues at the end of the year were approximately \$190,000 more than what was budgeted. Most of this has been attributed to the contributions for the ambulance building. The expenditures were approximately \$127,000 in total over the budgeted amount. All of this variance is within public safety, which is where the ambulance building is. Overall, the City is close to its budget with the exception of this one major item. The City ended with approximately a \$4,300 deficit, which is actually better than what was budgeted.

The proprietary funds are funds which are intended to survive on their own similar to that of a business. These generate fees to pay for their expenditure. Such funds include the sewer/water funds, airport, cable tv, light and power funds. The wastewater fund show excess revenues of approximately \$132,000 while the water fund shows excess revenues of \$213,000. This is the first full year with the rate increases. It has generated positive revenue for the water/sewer fund.

Thompson noted the Cable TV Sale Fund involves the proceeds of the sale.

The small governmental funds include the Major and Local Street funds. The fund balances are basically zero. There were some transfers necessary to get these two funds out of a deficit situation this past year.

Thompson reviewed the comments and recommendations letter. Last year, there was a report regarding the improvements needed in the reconciliation process. This has happened and has been improved.

Some reporting standards will occur beginning June 30, 2008. One issue concerns the footnote for next year involving what the actuarially determined liability for Other Post Employment Benefits (OPEB) other than pension. These are benefits such as insurance paid outside of the pension plan for retirees of the City. Under the new reporting standards, this amount of the estimated insurance which will be payable at some point needs to be footnoted for next year, while the following year it will have to be booked. He suggested the City use MERS for such reporting.

- b) Lowell Light and Power and Cable Television. Peter Haefner of Vredeveld Haefner presented his firm's findings for the Light and Power and Cable TV accounts. It is in their opinion that the financial statements present fairly in all material respects, the financial position of the Lowell Light and Power and Lowell Cable Television enterprise funds as of June 30, 2007, and the changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles.

A footnote in the report refers to the City's participation in the Michigan Public Power Association. These assets were not included on the financial statements, because the City owns a portion of the MPPA's portion of those facilities. Under general accepted accounting principles, these would not be included. This is a valuable asset to the community.

Haefner presented charts of the Light and Power's operating revenue and its expenses for the past four years. He pointed out for the past two years it is operating at a deficit. Revenues and expenses are increasing, but the cost of power has increased as has benefits and employee costs. The detail statement shows these are operating at a loss.

Haefner noted this is the last year of the operating of Lowell Cable TV. Revenues and expenses show operating levels were down for the 2007 from the previous year. He pointed out those expenses were forced to result in a loss. These expenses include a portion which was paid over to the City on the sale. At the end of the year when reviewing the financial statements, the expenses will show exactly what the bottom line was the previous year to having this to zero.

Haefner stated over the past four years the cost for purchase power has increased as well as the demand for purchase power.

No further information was provided.

Item #3. **ORDINANCE AMENDMENT FOR THE ARBOR BOARD PROVIDING MEMBERSHIP TO CITY COUNCIL AND LIGHT AND POWER – PUBLIC HEARING.** At the time the Arbor Board was established through an ordinance adopted by Council on May 21, 2007, five at large members were designated. When appointments were made on September 17, 2007, three at large positions were filled. Also, one City Councilmember (Jeanne Shores) and a Light and Power Boardmember (Jim Hall) were appointed with terms expiring with the length of office. The Councilmembers felt having permanent representation from the Council and Light and Power would provide better communication on tree issues.

Councilmember Ellison referred a Councilmember serving on the Arbor Board as long as they are a member of City Council. Should another councilmember be offered the opportunity to serve on the Arbor Board at the end of ones term? Mayor Shores stated this could be discussed.

IT WAS MOVED BY HODGES and seconded by ELLISON to adopt the ordinance amendment providing memberships on the Arbor Board to the City Council and the Light and Power Board.

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

Item #4. **STRIKING OF 2001 – 02 DELINQUENT TAXES**. Each year, City Treasurer Sue Olin reviews delinquent personal property taxes which are five years old.

Every year the City collects approximately \$500,000 in personal property taxes. As noted in her memo of January 15, due diligence efforts were made to collect two delinquencies. One involved a bankruptcy totaling \$741.67 from Mr. B's Dollar Store and the other from Newell on a remaining balance of \$2,256.19 after a jeopardy assessment was received.

Olin explained she heard Newell was leaving in February or March of 2002. She is required to file a jeopardy tax if the business is there as of January 1, because the business is required to pay summer and winter taxes. Therefore, the taxes were estimated based upon the previous year's millage rates. However, many millages received an increase resulting in such taxes being underestimated by \$2,256.19.

City Manager Pasquale noted Olin was very aggressive in trying to get the amount due. Olin stated once a company has moved out of the City and the equipment is gone, there is not a whole lot she can do.

IT WAS MOVED BY ALTOFT and seconded by ELLISON to strike the 2001 – 2002 delinquent personal property taxes as proposed.

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

Item #5. **CONSIDERATION OF ESTABLISHING WORK SESSIONS REGARDING THE LCTV ENDOWMENT FUND AND NORTH WASHINGTON STREET PROPERTY**. A worksession was scheduled for Monday, February 11, 2008 at 7:00 p.m. regarding these issues.

No further information was discussed.

Item #6. **MONTHLY REPORTS**. No comments were received.

Item #7. **CITIZEN COMMENTS**. Parks and Recreation Commission Chairman Perry Beachum stated the ice skating park is up and running. He thanked the DPW. People may ice skate from morning till 10:00 p.m. Councilmember Shores appreciated the efforts.

Item #8. **COUNCIL COMMENTS**. Mayor Pro Tem Hodges commented on the idea of having "Coffee with Council" on the first Saturday morning of each month at the Chamber of Commerce. This would be an informal discussion where citizens can voice their concerns. Mayor Shores believed this would help with some of the communication problems.

Councilmember Ellison agreed. She and Altoft hosted a similar night while running for office where citizens could discuss issues with them.

Councilmember Ellison congratulated Chief Valentine regarding his 25 years of service with the City.

Mayor Shores commented on the traveling exhibit regarding ghost towns from the Lowell Area Historical Museum.

Item #9. **MANAGER'S REPORT**. City Manager Pasquale reported on the following:

1. The following boards and commissions meetings minutes are provided:
 - Airport Board meeting of November 20, 2007
 - Light and Power Board meeting of December 6, 2007
 - Grand Valley Metro Council Transportation Policy Committee meeting of November 28, 2007
 - Grand Valley Metro Council meeting of December 6, 2007
2. A letter was provided from Diana Sieger, President of the Grand Rapids Community Foundation, acknowledging receipt of \$23,878.61 to the LCTV Endowment Fund, which is managed by the Foundation.

Item #10. **APPOINTMENTS**. By general consensus, the Council agreed to the following reappointments.

		<u>Term Expires</u>
Airport Board		
Paul Nicholls	reappointment	01/01/2011
Jim Sowle	reappointment	01/01/2011
Tom Grimm	reappointment	01/01/2011
Building Authority		
Jim Maatman	reappointment	01/01/2011
Elected Officers Compensation Commission		
Barbara Vezino	reappointment	06/30/2012

Item #11. **CLOSED SESSION**. Personnel Matter pursuant to Section 8A of the Open Meetings Act.

IT WAS MOVED BY HODGES and seconded by ELLISON to move into a closed session meeting at 8:18 p.m.

YEA: Councilmembers Altoft, Ellison, Hodges and Mayor Shores.

NAY: None. ABSENT: Councilmember Pfaller. Motion carried.

IT WAS MOVED BY HODGES and seconded by ALTOFT to return to open session at 9:18 p.m.

IT WAS MOVED BY HODGES to adjourn at 9:19 p.m.

DATE:

APPROVED:

C. Jeanne Shores, Mayor

Betty R. Morlock, Clerk