

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

For the Regular Meeting of **TUESDAY, JANUARY 20, 2009.**

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

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

Absent: None.

Also Present: City Manager David Pasquale, City Clerk Betty Morlock, City Treasurer Suzanne Olin, DPW Director Dan DesJarden, Acting Police Chief James Hinton, Lowell Light and Power General Manager Greg Pierce, Lowell Light and Power Generation Power Plant/Safety Director Tom Russo and Waste Water Treatment Plant Superintendent Mark Mundt.

Item #1. **COUNCIL VACANCY.** Mayor Hodges explained two very qualified candidates, Maryalene LaPonsie and Andrew Schrauben submitted letters of interest to fill the vacancy on the City Council.

IT WAS MOVED BY PFALLER and seconded by ELLISON to appoint Maryalene LaPonsie to the City Council filling the vacancy from Mayor Shores through December, 2009.

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

City Clerk Morlock swore in Maryalene LaPonsie as Councilmember for the City of Lowell.

Item #2. **APPROVAL OF AGENDA.**

IT WAS MOVED BY ELLISON and seconded by PFALLER to approve the agenda as presented.

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

Item #3. **APPROVAL OF THE REGULAR MINUTES OF THE JANUARY 5, 2009 MEETING.**

IT WAS MOVED BY PFALLER and seconded by ALTOFT to approve the minutes of the January 5, 2009 regular meeting as corrected.

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

Item #4. **APPROVAL OF THE ACCOUNTS PAYABLE.**

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

YEA: Councilmember Altoft, Ellison, LaPonsie, Mayor Pro Tem Pfaller and Mayor Hodges.

NAY: 0. ABSENT: 0. MOTION CARRIED.

<u>BILLS AND ACCOUNTS PAYABLE (01/20/09)</u>	
GENERAL FUND	\$186,518.20
MAJOR STREET FUND	42.21
LOCAL STREET FUND	12,326.92
HISTORIC DISTRICT FUND	5,553.00
DDA FUND	34.96
AIRPORT FUND	90.73
WASTEWATER FUND	206,379.31
WATER FUND	10,987.98
LOWELL CABLE TV FUND	998.00
EQUIPMENT FUND	5,158.15
CURRENT TAX FUND	199,503.28
LOOK FUND	5,000.00

Item #5. **CITIZENS COMMENTS FOR ITEMS NOT ON THE AGENDA.** No comments were received.

Item #6. **CIVIL INFRACTIONS ORDINANCE – PUBLIC HEARING.** As mentioned during the last meeting, the Planning Commission, at its November 24, 2008, meeting recommended adoption of the civil infractions ordinance. Police Chief Valentine and City Manager Pasquale strongly supported this measure.

The civil infractions ordinance, as mentioned in City Attorney Richard Wendt's memo, decriminalized certain violations of the City Code of Ordinances, including the zoning ordinance. This expedites the process of handling infractions.

A municipal ordinance violations bureau is established to receive fines for those violations who admit responsibility.

If adopted, the ordinance would take effect on March 1, 2009. A training session for all affected personnel will be held with the City Attorney prior to this time.

IT WAS MOVED BY ELLISON and seconded by LAPONSIE to adopt the Civil Infractions Ordinance as presented.

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

Item #7. **2007 – 2008 AUDIT PRESENTATIONS.**

- a. City of Lowell. Steve Thompson of Biggs, Hausserman, Thompson and Dickinson presented his firm's findings on last year's City accounts and records.

Thompson referred to the Independent Auditor's Report. It stated the company audited the City's financial statements in accordance with governmental auditing standards. In their opinion, based on the audit, they found the financial statements to fairly represent the financial position of the City of Lowell as of June 30, 2008. This is a clean opinion and there are no exceptions to the report.

Thompson commented on the statement of revenues, expenditures and changes of the General Fund. It showed total revenues for the last year of a little over 2.7 million dollars within \$11,000 of what was budgeted. Expenditures were a little over 2.3 million dollars and within \$30,000 of budget. There was excess revenue of \$400,000 and transfers to other funds with a net of approximately \$347,000. The General fund balance was increased this year by approximately \$55,000. At the beginning of the year, it showed \$35,000 and was increased to \$91,000 by the end of the year.

Mayor Hodges believed this was better. However, it appeared the City of Lowell is still outside the ball park as far as maintaining a sufficient fund equity. Thompson responded yes. The City is about 4%. City Manager Pasquale reminded the Council the City is having \$155,000 in this year's General Fund budget, which is moving in a positive way. City Treasurer Suzanne Olin stated a major factor in this budget involved the tax tribunal case with Schneider Manor.

The special revenue funds include Major and Local Street Funds. There have been problems in the past, as far as the fund balance. Virtually both had no fund balance at the beginning of the year. However, there were slight excess revenues this year. The Major Street Fund had approximately \$14,000 of fund balance this year and Local Street has approximately \$1,100. Pasquale explained these monies are received from the State's gas and weight taxes. There has been a continuing problem with the receipt of these monies. Every City and Road Commission in Michigan can say there is more money needed for the roads. Such funds are received as a shared revenue back to the City.

The Enterprise Funds include the Wastewater Fund which shows excess income before contributions of \$140,000. The retained earnings are approximately 2 million dollars and are treated as businesses. It must maintain retained earnings to be able to function.

The Water Fund had excess revenues of \$240,000 after depreciation and the interest expense on the bonds. These funds borrow money.

The Airport Fund has very little activity.

The Cable TV Sale Fund showed 2.7 million dollars being transferred to the Grand Rapids Community Foundation. As the money is being spent, it will be shown in another fund. There will be so much available each year to spend. The money will be shown as revenue in the LC TV Endowment Fund.

Thompson explained the Council needs to consider a new accounting principle. This is to start recording the retiree benefits other than pensions. Pasquale stated it involves the City paying for health insurance the first five years after employees retirement. Thompson stated the new accounting policy states the City will have to start accruing what is projected to be the unfunded liability.

- b. Lowell Light and Power. Pete Haefner of Vredeveld Haefner presented his firm's findings for the Light and Power accounts.

The firm's opinion shows the financial statements present fairly in all material respects the results of operation financial position and cash flows for Lowell Light and Power for the year end of June 30, 2008.

Haefner presented information regarding the Enterprise Fund of the electric utility. Over the past three years, there has been a loss within that operation. Revenues were fairly flat this year from the previous year.

Mayor Hodges stated he recently attended the Light and Power meeting and got to hear the longer version of the audit. He assured the community that Light and Power is in very good shape. They too are addressing the retirement issue and also looking at getting their budget together and presenting it in a timely fashion.

Item #8. **STRIKING OF 2003 DELINQUENT TAXES**. City Treasurer Sue Olin explained she is requesting the striking of three businesses from the tax rolls. The main one is IPCS Wireless. They filed bankruptcy in 2003 and 2004 and went through a tax tribunal throughout all of Michigan. Because of this, the City received a settlement which was applied to the 2003 and 2004 taxes.

IT WAS MOVED BY PFALLER and seconded by ALTOFT to strike the 2003 delinquent taxes in a total of \$401.78.

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

Item #9. **MONTHLY REPORTS**. Mayor Hodges appreciated the audit and the reports having page numbers.

Item #10. **COUNCIL COMMENTS**. Councilmember Altoft referred to the information that City Manager Pasquale gathered regarding the Lowell Area Historical Museum. There is a discrepancy in the utilities for the building. The museum pays the City \$1,200. Mayor Pro Tem Pfaller explained the total utilities bill is \$9,073.83 and the City is reimbursed from the museum in the amount of \$1,200. They are about \$7,873 to the negative on utilities for this building. Altoft stated the rental agreement should be renegotiated every year.

Altoft also questioned how the new equipment was working which was recently purchased by the DPW. DesJarden stated the new back blade is working out very well.

Councilmember Ellison welcomed Maryalene LaPonsie and thanked Andrew Schrauben for submitting letters of interest in serving on the Council.

Ellison stated in November the Council approved the purchase of the dump truck with a contract for financing through First Bank. At the time, Councilmember Pfaller mentioned the idea of financing it with the one mill which was diverted into a street fund, rather than financing it through the bank. Ellison noted the City would have to pay First Bank \$12,000 in interest over a period of five years. It may be a good idea to consider financing it through an interdepartmental loan. This money would then be paid back to the General Fund and in return the Street Construction Fund would show an increase of \$12,000. City Manager Pasquale stated a resolution would need to be prepared, if the Council wishes to pursue this. Pfaller questioned the appropriation report from January 15, 2009 which shows the fund balance in the Local Street Fund of only \$102,000 and yet there is still much snow that could fall. City Treasurer Sue Olin explained the money from the General Fund has not been transferred yet.

Pasquale explained a resolution could be prepared. Instead of having the bank loan, monies could be allocated from the General Fund into the streets construction account and pay for the truck. The Equipment Fund would then pay back this amount plus interest to the General Fund.

Councilmember LaPonsie thanked everyone for the warm welcome. She appreciated the Council's trust in appointing her to fill Jeanne Shores Council seat. Shores' is a phenomenal woman and LaPonsie hoped she can do her justice in filling out the rest of her term.

Mayor Pro Tem Pfaller, who also serves on the LARA Board, cordially invited everyone to attend the LARA Board meeting on Wednesday, March 11, 2009 at Lowell Township Hall. The meeting will take place at 6:00 p.m. Pfaller explained a grant application is being completed for the local trails and with the Michigan Department of Natural Resources Trust Fund. There is an April 1 deadline for this grant application. A public meeting needs to be held in which individuals can express their wishes, needs and plans. The City's engineering firm will be there with the plans for the first section of the trail, which would connect the Wege Center to Creekside Park and Cherry Creek Elementary School. The Board is inviting any organization or person who may be interested in using the trail or affected by the trail.

Mayor Hodges stated he and Mayor Pro Tem Pfaller met with acting Chief James Hinton, DPW DesJarden, City Manager Pasquale, Dr. Jim Reagan and Representative from the Conservation

Officer Steve Orange to discuss the issue of hunting within the City limits and dealing with the over population of critters, specifically deer. Initial discussion has begun and more information will be presented.

Hodges also noted Police Officer Cal Kamphuis will be retiring from the Lowell Police Department as well as Chris Simmons who has worked for Lowell Light and Power for 27 years. She is a terrific person and will be missed. Light and Power General Manager Greg Pierce said a send off party will be held for Simmons at 4:00 p.m. on Saturday, January 24, 2009 at Safees Restaurant. Anyone interested in attending the party should contact Lowell Light and Power to make a reservation.

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

1. For your information, the following boards and commissions meetings minutes are enclosed:
 - Airport Board meeting of November 6, 2008
 - Arbor Board meeting of November 10, 2008
 - Downtown Development Authority meeting of December 5, 2008
 - Chamber of Commerce meeting of December 9, 2008
2. Lowell Charter Township appointed the following to the LCTV Endowment Fund Board:
 - Sue Simmonds
 - William C. Thompson, Trustee, elected positions

As noted earlier, the Council provided the City appointments as follows: Sharon Ellison, Barb Barber, Dan Brubaker and Dennis Kent.

The Vergennes Township Board will consider an appointment (elected position) at its Monday, January 19 meeting.

Mayor Hodges hoped the groups could meet prior to March 1, 2009.

Item #12. **APPOINTMENTS**. With the appointment of Maryalene LaPonsie to the City Council, Mayor Hodges believed it would be inappropriate to have LaPonsie Chair the Planning Commission and suggested another Chairperson be elected. Hodges also felt it would be inappropriate to have the Mayor serve on the Planning Commission. Therefore, a new Council representative should be chosen.

Mayor Hodges suggested Maryalene LaPonsie be selected as Council representative to the Planning Commission.

With that, advertising should be done to fill the vacancy on the Planning Commission.

Hodges also noted the following appointments need to be filled in which Mayor/Councilmember Shores had served:

- Arbor Board – Councilmember must serve, a voting position
- Board of Review – at large, appointment to 06/30/2009
- Liaison to Light and Power Board
- Representative to Lowell Area Chamber of Commerce
- Fire and Emergency Services Authority Board
 - one Councilmember
 - one citizen at large

IT WAS MOVED BY PFALLER to adjourn at 8:20 p.m.

DATE:

APPROVED:

James W. Hodges, Mayor

Betty R. Morlock, Clerk