

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

For the Regular Meeting of **MONDAY, FEBRUARY 1, 2010.**

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

Present: Councilmembers Jeffery Altoft, Maryalene LaPonsie, Andrew Schrauben, Mayor Pro Tem Sharon Ellison and Mayor James Hodges.

Absent: None.

Also Present: City Manager David Pasquale, City Clerk Betty Morlock, City Treasurer Suzanne Olin, Chief of Police James Hinton, Arbor Boardmember, Lowell Light and Power Boardmember and Planning Commissioner Jim Hall, and Lowell Light and Power General Manager Greg Pierce.

Item #1. **APPROVAL OF AGENDA.**

IT WAS MOVED BY LAPONSIE and seconded by Schrauben to approve the agenda as presented.

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

Item #2. **APPROVAL OF THE REGULAR AND CLOSED SESSION MINUTES OF THE JANUARY 19, 2010 MEETINGS.**

IT WAS MOVED BY ELLISON and supported by ALTOFT to approve the minutes of the regular meeting of January 19, 2010 meeting as corrected.

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

IT WAS MOVED BY LAPONSIE and supported by ELLISON to approve the minutes of the Closed Session meeting of January 19, 2010 as presented.

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

Item #3. **APPROVAL OF THE ACCOUNTS PAYABLE.**

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

YEA: Councilmembers Altoft, LaPonsie, Schrauben, Mayor Pro Tem Ellison and Mayor Hodges.

NAY: 0. ABSENT: 0. MOTION CARRIED.

<u>BILLS AND ACCOUNTS PAYABLE (2/01/2010)</u>	
GENERAL FUND	\$36,823.64
MAJOR STREET FUND	1,091.97
LOCAL STREET FUND	55.30
HISTORICAL DISC.	1,120.00
DOWNTOWN DEVELOPMENT	31,565.85
AIRPORT FUND	1,398.38
WASTEWATER FUND	29,629.21
WATER FUND	15,063.78
DATA PROCESSING	881.49
EQUIPMENT FUND	941.21
CURRENT TAX FUND	209,067.59

Item #4. **CITIZENS COMMENTS FOR ITEMS NOT ON THE AGENDA**. Brandon Hall, Video Recorder of the City Council meetings stated he will be addressing the Council in the near future to bring forth a formal proposal for a new DVD Camcorder.

Mayor Hodges noted currently the meetings are recorded on a VHS and then transferred to DVD.

Item #5. **RESOLUTION APPROVING THE FINANCING OF A DUMP TRUCK THROUGH AN INTER-FUND LOAN (FROM THE LOCAL STREETS CONSTRUCTION ACCOUNT OF THE GENERAL FUND TO THE WATER FUND)**. As discussed previously, the loan from the Local Street Construction Account of the General Fund to the Equipment Fund for the purchase of the dump truck restricts the liquidity of the General Fund Balance. City Manager Pasquale stated that the City purchased a dump truck for \$92,500. Initially, it was financed through Firstbank. The Council suggested the City borrow the monies for the truck from its own funds. Thus, \$92,500 was borrowed from the Local Street Construction Account, which is part of the General Fund. By doing this, there were some unintended consequences unknown to either himself or City Treasurer Suzanne Olin.

According to the audit, the last budget year the General Fund had a balance of \$111,255. The problem was because of accounting practices, \$92,500 has to be shown as restricted (not to be spent) to account for the loan to the Equipment Fund for the dump truck, which leaves only \$18,755 undesignated. Even though the \$92,500 is there, it can not be used. This leaves a small amount of monies to be used for unexpected expenses. Each year of the five year loan, the amount will go down, but it is still restricted. Staff proposed that the loan be from the Water Fund, which leaves the General Fund balance at \$111,255 of unrestricted funds. Also monies remain for streets. But, City Attorney Richard Wendt stated by using the Water Fund, the interest revenues must go to this Fund. It can not be designated to the Local Streets.

Councilmember LaPonsie asked if Local Street Fund were used to pay Firstbank and then the General Fund would pay the Local Street Fund. City Manager Pasquale said that last year the Council decided to provide what is equivalent to a mill, which is approximately \$92,500, from the General Fund to the Local Street Fund. Because of this loan, the \$92,500 from the General Fund was not placed in the Local Street Fund. It was used to pay this loan.

Mayor Pro Tem Ellison noted on page 68 of the audit. It was explained to her by Kristin Saper, the auditor from Rehmann Robson, the \$92,500 went for the dump truck and is accounted for as an asset. But the loan has to be taken away or placed in a reserve for the same amount because it is a loan and has to be repaid. So that is a wash. We have a truck asset of \$92,500 and a liability of a loan for \$92,500 that must be paid back to the Street Fund. The \$18,755 is really what the City would have available in the General Fund. Ellison believes it should stay as it is; it is a long term loan that will be repaid with interest. There are street projects which need to be done.

City Treasurer Suzanne Olin stated she transferred \$92,500 into the Local Street Fund from the General Fund. So the Street Fund has their money. Kristin Saper explained it was two separate transactions, the General Fund transferred monies to Local Street Fund and the General Fund paid off the dump truck.

Mayor Pro Tem Ellison said the General Fund paid off the dump truck loan not with the Street Construction Fund. Had \$92,500 been somewhere else?

Councilmember Schrauben asked if there is a difference between the Local Street Construction Account and the Local Street Fund. Pasquale responded the Local Street Construction Account originated from the General Fund. The Local Street Construction Account is an account within the General Fund for street work and would eventually be transferred to the Local Street Fund.

LaPonsie questioned if the General Fund as a whole paid off the dump truck, then why does that restrict the monies. Pasquale said since a loan was provided, it become restricted in the General Fund balance. The loan was made to the Equipment Fund and will be paying off this over the next five years. Saper explained the dump truck itself is a capital asset in the Equipment Fund which is offset by installment loan payable to Firstbank and then the General Fund paid off that liability. In the Equipment Fund, the dump truck is a capital asset and a liability instead of loan payable to Firstbank. It is long term advance payable to the General Fund. LaPonsie said the Equipment Fund would be paying back the General Fund, but because there is not enough money in the Equipment Fund, it is necessary to restrict monies in the General Fund. Mayor Hodges stated in this case, the Water Fund does have sufficient monies to cover this and there is no anticipated need of the Water Fund.

LaPonsie is not comfortable in having the General Fund at only \$18,755 for an entire year.

Saper stated when the General Fund made the installment purchase agreement; it reduced its cash and created a long term receivable from the Equipment Fund. When the City has an asset that is a long term receivable, the GASB Rule requires that it is showed as reserved for long term advance to other funds. Ellison stated it does not balance out because one is an asset and one is a liability. Saper responded these are assets, the cash and receivable from the Equipment Fund. When the General Fund made the payment, the cash balance was

reduced, but created the long term asset instead due from the Equipment Fund. But, in the General Fund the City is required to show that a long term asset gets shown as reserved for a long term receivable. This is because that money can not be used to pay your next bi-weekly payroll. It is not available until the City collects those five years worth of payments. Ellison stated there really is \$111,255 cash money, not just \$18,755. This is really confusing. Saper explained if you spent \$92,500 to a contractor or a vendor for street improvements, then it would be \$18,755.

Councilmember Schrauben said the double payment creates the confusion; the money from the Street Fund was paid separate from the loan that was paid to Firstbank on behalf of the Equipment Fund. The value was the same but there were two different purposes, one was the General Fund payment to the Street Fund and the other was General Fund payment for the Equipment Fund to pay off the truck.

Mayor Pro Tem Ellison asked if it is a real problem having a General Fund balance of \$18,755. City Manager Pasquale responded it is a problem because the Council has always wanted to have a sufficient fund balance to take care of unexpected expenses.

Councilmember LaPonsie stated if the City uses the Water Fund for the \$92,500, could we transfer the interest paid to the Water Fund to the Local Street Fund at the end of the year? City Manager Pasquale responded you could do a fund transfer in the amount of the interest to the Local Streets.

It was moved by LaPonsie to approve the resolution, but did not receive a support so she withdrew her motion.

Councilmember Schrauben questioned if it is necessary to amend the resolution showing the interest to be transferred to the Local Street Fund?

City Manager Pasquale stated you could make an additional appropriation equivalent to the interest amount from the General Fund to the Street Fund. Councilmember LaPonsie asked if this could be done as part of the budget process. Saper responded that she thought it could. Councilmember Altoft suggested this be checked into first before the resolution is passed. City Manager Pasquale noted a timing issue is a problem, a preliminary audit was submitted to the State and a final audit must be provided within a short amount of time.

Councilmember Schrauben suggested this resolution be approved and proposed another one that would transfer the interest be considered at another time.

IT WAS MOVED BY LAPONSIE and supported by SCHRAUBEN to approve the resolution approving the financing of a dump truck through an inter-fund loan from the Local Street Construction Account of the General Fund to the Water Fund.

YEA: Councilmembers LaPonsie, Schrauben and Mayor Hodges.

NAY: Councilmember Altoft and Mayor Pro Tem Ellison.

ABSENT: 0. MOTION CARRIED.

Item #6. **500,000 GALLON WATER PLANT RESERVOIR REPAINTING – AWARD.** As noted in the January 13, 2010 memo by Dixon Engineering, seven bids were received for the exterior repainting of the 500,000 gallon reservoir at the Water Treatment Plant. Detail Painting of Grant was the low bid of \$43,280 which was well below Dixon's estimate of \$60,000. Thus, Dixon Engineering and Water Treatment Plant Superintendent George Regan recommend that Dixon Painting carry out this work.

IT WAS MOVED BY ELLISION and supported by LAPONSIE to award contract to the low bid of \$43,280 from Detail Painting of Grant for the repainting of the 500,000 gallon Water Plant Reservoir.

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

Item #7. **APPROVAL OF THE A PLUS PROGRAM.** Lowell Light and Power General Manager Greg Pierce explained that A PLUS (Assistance for People of Lowell's Utility Services) is a proposed partnership between the City and Light and Power to provide assistance for those customers dealing with financial difficulties paying their utility bills. This program will be administered through Flat River Outreach Ministries. Light and Power is matching donations provided.

City Manger Pasquale recommended the Council approve the A PLUS program as well as \$1,000 seed money from the Water and Wastewater Funds.

IT WAS MOVED BY ELLISION and supported by SCHRAUBEN for the City to enter into partnership with Light and Power approving the A PLUS program and also provide \$1,000 seed money from the Water and Wastewater Funds.

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

Item #8. **ORDINANCE IMPOSING MORATORIUM ON THE SALE AND DISPENSATION OF MEDICAL MARIJUANA – SET PUBLIC HEARING (2/16).** Police Chief James Hinton had requested a six month moratorium on the sale and dispensation of medical marijuana. The purpose would be to have the issue addressed on a regional basis.

Councilmember Schrauben asked how long it will take. Chief Hinton replied that several municipalities in the State of Michigan are working on this same type of ordinance and zoning and how it should be best addressed. According to legal counsel, six months should allow ample time to address this.

IT WAS MOVED BY ELLISON and supported by LAPONSIE to set a public hearing for February 16, 2010 to consider an ordinance imposing a moratorium on the sale and dispensation of medical marijuana.

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

Item #9. **DISCUSSION OF ISSUES REGARDING SOLID WASTE HAULING AND RECYCLING.** Council had discussed and considered solid waste and recycling collection over the past several months. A single hauler proposal had also been reviewed. It was also noted the Kent County Department of Public Works is exploring a proposal to provide curb side service to small communities.

Mayor Pro Tem Ellison stated the intent of going to one hauler was to save money. But, the residents wanted to have choices on who to use. If they participate in the recycling program, those participating should pay for it because unfortunately not everyone uses recycling and it is coming out of everyone's tax dollars.

Councilmember Schrauben concurred with Ellison regarding the recycling and tax issues.

Councilmember LaPonsie wanted to keep the bag system and would like recycling to be on a weekly basis. An audit should be conducted on how many use recycling and possibly having a large item trash pick up day.

Councilmember Altoft agreed and stated he would also like haulers be restricted to one or two days a week.

City Manager Pasquale suggested the City consider licensing haulers. He said this issue could be part of the budget process

Item #10. **CITY MANAGER'S REPORT.** City Manager Pasquale reported on the following:

1. For your information, the following boards and commissions meeting minutes are provided:
  - Grand Valley Metro Council-Transportation Policy Committee meeting of November 18, 2009
  - Downtown Development Authority meeting of December 10, 2009
  - Planning Commission meeting of November 23, 2009
2. In observance of Presidents Day, City offices will be closed on Monday, February 15. The next Council meeting is scheduled for Tuesday, February 16.
3. It was suggested to have a joint Council and Light and Power Board meeting on Monday, March 8, 2010 at 7:00 p.m.

Item #11. **COUNCIL COMMENTS.** Councilmember LaPonsie thanked Rodger Garner and all the people at Good Chevrolet. It is disappointing that GM does not see the value in such a great dealership. Rodger in particular had really gone all out to be supportive of the community and I am very sad to see them shut their doors.

Mayor Pro Tem Ellison would like a consensus from the Council to advertise for a request for qualification and information for the City and Light and Power's web page. The consensus of

the Council was to proceed with this project.

Mayor Hodges added that they have Coffee with Council this Saturday, February 6<sup>th</sup> at 8 a.m. to 10 a.m. at the Chamber of Commerce office to discuss any issues the public may want.

Item #12. **APPOINTMENTS**. Mayor Hodges noted there is still a vacancy on the Planning Commission and anyone interested should submit a letter of interest to City Clerk Betty Morlock. He had also been informed that Dave Clark wishes to step down from Board of Review. Thus, Hodges requested a consensus of the Council to appoint Leah Vredenburg to the Board of Review. The Council agreed.

IT WAS MOVED BY ELLISON and supported by LAPONSIE to adjourn to closed session at 8:37 p.m.

YEA: Councilmembers Altoft, LaPonsie, Schrauben, Mayor Pro Tem Ellison and Mayor Hodges.

NAY: 0. ABSENT: 0. MOTION CARRIED.

IT WAS MOVED BY ELLISION to adjourn at 9:34 p.m.

DATE:

APPROVED:

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James W. Hodges, Mayor

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Betty R. Morlock, Clerk