

REGULAR MEETING
Litchfield City Council - City Council Room
April 16, 2013 - 6:30 PM

Mayor Smith called the meeting to order at 6:30 PM.

Roll Call: Present – Mayor Edwin Smith, Councilpersons Greg Chapman, Jessica Bills, Rick Siebert, Don Bannick, Brenda Thomas and OR Smith.

Absent –

Also Present – City Manager- Douglas Terry, Clerk-Susan Ballinger, Treasurer-Jill Pelham, Chief Michelin, DPW Supervisor-Tony Langhann, Susan Little, Norman & Martha Faulkner and Andy Barrand (HDN).

Consent Agenda – Councilman Siebert moved to approve the consent agenda, seconded by Councilman Chapman. Motion Carried.

Call to the Public – None

Riblet Park Improvements – Manager, Terry informed the board that a committee has approached the city about possibly making improvements to Riblet Park. The committee's plan is to create a sight that memorializes our veterans for past, present, and future. Manager, Terry updated the board on the history of how the park was named after Samuel Riblet. Manager, Terry stated that because the park is city property and we are all aware that there has been issue with property lines within the city, the city should have a survey done on that parcel to make sure lines are properly indentified. Susan Little spoke on the committee's behalf and explained to the board that they have hired an architect to help with the visual and layout of the park. The committee plans on recognizing all six services including the Coast Guard and Merchant Marines. The plan is simple back drop and a stone for each individual service but our committee is still in the planning stages. Manager, Terry stated a survey has been worked into the new fiscal year budget. Councilwoman, Bills asked how the project would be funded and if the city's only responsibility is the survey. Manager, Terry stated yes at this current time. Mayor, Smith stated that the committee plans to raise the funds for the memorial and to maintain the park. Councilman, Bannick motioned to authorize a survey for Riblet Park, seconded by Councilwoman, Thomas. Motion Carried

Senior Citizen Contract – Councilman, Bannick moved to authorize the Mayor and Clerk to sign the contract with the Litchfield Senior Citizen in the amount of \$650.00, seconded by Councilwoman, Bills. Motion Carried.

Picnic Table Proposals - Manager, Terry stated that in their packets is a quote from Site & Park Amenities for a picnic table and that the city is deficient in the number of tables that the city has and that some of those tables are starting to deteriorate. The plan is to buy a new aluminum table in this fiscal year and another in the next fiscal year. The tables would be placed at the pavilion at the park, so at this time we are requesting the board's permission to purchase these items. Treasurer, Pelham stated that the original reason we where intending to bring this expenditure to the board because the cost was thought to be over a \$1400.00, but the tables are way under that amount. Councilman, Smith moved to accept the quote from Site & Park Amenities in the amount of \$823.62 for one picnic table, seconded by Councilwoman, Thomas. Motion Carried.

Well House Improvements – Manager, Terry stated that in the packets are some proposals for a new roof for the M-49 Well House. Manager, Terry requested that the board approve the bid from Triple J Construction in the amount of 3,300.00. Councilman, Smith moved to accept the bid from Triple J Construction in the amount of 3,300.00, seconded by Councilwoman, Bills. Motion Carried.

Budget Discussion – Manager, Terry presented to the board the proposed budget for fiscal year 2013-2014. Manager, Terry explained the challenge to have a balanced budget due to increasing expenditures and decreasing revenues. Our philosophy is creating a budget of things that the city needs to be accomplished in the new year or in the future years. One of the things that we talked about as a staff is not to leave the next generation with debt. So the staff took the approach of reducing the city's liability exposure especially in the area of our pension. So what we are asking is to make a greater contribution to MERS (Michigan Employees Retirement System) to lower the city's liability. Treasurer, Pelham stated that she believes that the increase would put the city around 75% to 78% funded and a 100% is the goal. Currently the city is at 73% funding. Staff also feels the need to increase utility liability as well as developing fund savings in the future. Depreciation is treated as an expense and what the city does with that money is that we take that expense and move that money into a savings account because we believe with the cost of infrastructure replacement in years down the road that the responsible thing is to leave future generations with amounts of money that they don't have to go into debt for. Council has done a good job replacing lift stations and the city has a few more stations to replace and that will run between \$160,000 - \$200,000 per station in today's dollars. Manager, Terry talked about the General Fund which revenues exceed expenditure by approximately \$9,500. Manager, Terry stated that in Major Street revenues exceed expenditures by approximately 11,000. Part of that is because the city borrowed money from Sewer Fund to re-do N. Chicago Street. So what the staff has decided to do this year is to double up the payment and reduce the payment plan because down the road the city will need to address some of our deficient streets. So if we accelerate the payment and have it paid off the city will have money down the road to refurbish some of our city streets. The city is under mandate to replace some signs for reflectivity reasons. Under Local Streets revenues exceed expenditure by approximately 1,500. Manager, Terry stated that the budget struggled most in the utilities area. The city has its biggest exposures with water mains, sewer mains, well houses, those types of things. So one of the things the city is trying to do is to minimize its debt exposure in the future. So what the city staff is recommending is to increase in both the water and sewer departments. First, the sewer usage would increase by .22 cents per 1000 gallons and the increase in flat rate fee for sewer would be .91cents totaling a 1.13 increase in the sewer and the city also wants to replace the Simpson Drive lift station with Tifa's help. The last sewer bond payment has been made in this fiscal year so for next the fiscal year there is around \$30,000 plus interest to pay in the next fiscal year which leaves the city debt free as far as bonds. Manager, Terry talked about how the loss of personal property tax will effect Tifa's contributions and how those losses will affect the city's budget. Treasurer, Pelham explained her analysis' of the sewer fund and its' purpose to the board. Second, water usage would increase by .30 cents per 1000 gallons and the increase in flat rate fee for water would be .36 cents which totals a .66 cents increase in the water fund and then explained her water analysis spread sheet to the board that shows what amount a bill would approximately increase depending on the size of the household and it's usage. Treasurer, Pelham also explained that that expenditure exceeds revenues in the water fund mainly due to the water tower contract and Manager; Terry talked about the need to enter into that contract for the water tower. Treasurer, Pelham recommends looking closely at the sewer and water funds every year with some increases to help keep the city out of debt. Councilman, Bannick expressed concerns for seniors on how they will be able to afford the increases when their social security is decreasing. Manager, Terry, stated that the staff's approach was that if we don't do something now that we would be transferring a problem down the road that would become unaffordable for everyone. Mayor, Smith stated by law these funds have to be self sustaining which means that revenues have to meet expenditures. Manager, Terry stated that in Solid Waste there are no increases and he has been working on a consolidation program which would include Litchfield, Homer, and Jonesville but there is still a good chance that Litchfield will be on its own for garbage pickup. Republic informed him that the way Litchfield handles the garbage pickup/billing makes it the least expensive for the consumer because then Republic doesn't have to do the billing or chase down customers so it keeps our rates lower. However, fuel costs will be a concern in the future. Manager, Terry then talked about the Equipment Fund and how it works within all the other funds and equipment that will be replaced this fiscal year.

Set Public Hearing for 2013-2014 Budget – Councilwoman, Thomas moved to set the Public Hearing date for May 21, 2013 at 6:30pm to adopt the 2013-2014 City of Litchfield Budget, seconded by Councilman, Smith. Motion Carried.

Pool Schedule & Rates – Councilman, Bannick would like to have the pool be open at no charge if the temperature reaches 90 degrees or higher. After some discussion amongst board members the consensus was not to have the pool open at no charge due to temperatures. Councilwoman Thomas motioned to accept the 2013 pools schedule and fees as presented with the correction of adding the swimming lessons, seconded by Councilman Smith. Motion Carried.

First Reading of Ordinance 2013-01 Salaries for Certain Appointed Officials – Clerk, Ballinger read the first reading of Ordinance 2013-01.

Bills for Approval – Councilman, Bannick moved to accept the Bills for Approval as presented in the amount of \$34,676.38, seconded by Councilman, Smith. Motion Carried.

Police Report – Chief, Michelin informed the board that the cars needed and received new antennas and Sgt. Phillips attended a class regarding police computer use and what's in the computers. Their office may have to stand alone with their own server as their computers can't be attached to anyone else's computer and each officer will need a card to swipe instead of passwords. We are still looking into the new guidelines and receiving more information. Councilman, Siebert moved to accept the police report as presented, seconded by Councilman, Chapman. Motion Carried.

Public Works Report – Superintendent, Langhann stated that the new sweeper was outside for the board to see and that they have completed the work that needed to be done for now. Councilwoman, Bill motioned to accept the public works report and placed on file, seconded by Councilman Chapman. Motion Carried.

Treasurers Update – Treasurer, Pelham stated that usually the city goes through a truth & taxation process where if the revenues increase above what they were last year then the city has to hold a truth & taxation public hearing letting the public know that revenues are increasing no matter if the city levy's the same amount of mills or not. Treasurer, Pelham said that we are recommending the same amount of mills at last year which is 13 mills for the city but because the city's revenues are going down the city could levy an additional 1.4480 mills without holding a hearing because our revenues have not changed from what they were in the previous year. Doug has managed to give the same services for less and with the 13 mills and if at any time the city is unable to do that council may want to look at that.

City Manager's Update – Manager, Terry stated that recently there has been interest shown on our city's Nature Trail and this trail is part of the North Country Trail. It's a trail that goes through multiple states and Litchfield is part of that trail. On Saturday, I met with the trail representatives and we walked the trail and discussed improvements. One of the improvements is better signage to make people aware it's there for their use. Also, recreation has been on the front for a couple of months as the board is award Karen Swartz (Purdy) has donated money for equipment from Gametime and that playground equipment will be located by the pool area. The city also wants to develop more of a playground area at Firemen's Park. We are always looking to save money and within a month the board will be looking at a resolution regarding solid waste and this project started over a year ago. I will be meeting with a group of manager's next week to discuss the solid waste project. Tifa has been very active with a lot of good things happening. Livonia Tool is adding an expansion of 42,000 square feet. Tifa has poured a new floor at the new Spec Building, and Hi-Lex is expanding and adding a line that other plants competed for and Litchfield's plant was awarded the line. Manager, Terry stated that he has also been busy with Litchfield Initiative and looking at building improvements here at the city office, Mayor, Smith stated that Tenneco has just finished up an expansion. Chief, Michelin wanted everyone to be aware that Hillsdale County Dispatch has implanted the "Code Red" where a resident of Hillsdale County can call and be signed up so that if an emergency arises you would be called on your phone and receive an early warning and this is free of charge. Councilwoman, Thomas informed the board that the 911 surcharge will be on the August ballots to vote on again and to try and make residents aware of this and to vote. Clerk, Ballinger stated that since the 911 surcharge is

being put on the August election ballot this created a county wide election which means that Litchfield will have to have our precinct open for city residents to be able to vote on this issue. This was not something that I was aware of until just this week myself which means we did not budget for this election expense. Clerk, Ballinger stated she will do her best to keep the costs down to a minimum. Also, today I talked with Jeff DuPilka of West Shore Services regarding the new Warning Siren for the city today. Mr. DuPilka informed me that he will be able to meet the grant deadline of April 30, 2013 and have the siren installed by next week.

Committee Reports – None

Councilman Concerns – None

Correspondence –

Adjournment – Councilman, Bannick moved to adjourn at 8:00pm, seconded by Councilman, Chapman. Motion Carried