

## **CITY OF FENTON COUNCIL WORK SESSION PROCEEDINGS**

**Monday, April 3, 2017  
City Hall Conference Room  
301 South LeRoy Street  
7:30 PM**

Mayor Pro-Tem McDermott called the meeting to order at 7:30 PM.

### **ROLL CALL**

Present: Draves, Grossmeyer, Jacob, McDermott, Smith.  
Absent: Lockwood (excused), Osborn (excused).  
Others Present: Lynn Markland, City Manager; Michael Hart, Assistant City Manager; Cindy Shane, Treasurer; Jason Slater, Interim Police Chief and Dan Czarnecki, DPW Director.

### **CITIZENS COMMENTS – NONE.**

### **PRESENTATION OF FIVE YEAR FINANCIAL PLAN**

Paul Sauder with PFM Financial Advisors LLC reviewed the City of Fenton 2017 Update Five Year Financial Plan, General Fund. Operating Statements; the revenue growth is projected to be slower than expenditure growth and will impair operating cashflow. The operating imbalances projected for 2017-18 through 2020-21 are caused primarily by the lagging revenue growth and increasing health insurance and pension costs. Annual Operating Surplus/Deficit; the projection shows operating deficits occurring in the last 4 years of the 5 year forecast. The increasing costs of employment benefits are a concern since those costs are increasing at 6% a year although this is a reduction from forecasts three years ago that had healthcare costs increasing at 10%. Projection of persistent operational deficits indicates that a structural operating imbalance is developing. The projected operating deficits are a concern. Without corrective action or reliance on non-operating revenue, like property sales or loans, serious financial stress will result. Property Tax Revenues; It is expected that the City will see an increase in its tax base over the next 5 years partly attributed to the new residential development on the site of land recently sold by the City. Improving economic conditions has increased the potential for additional business and residential development that could have a positive impact on future tax base growth. It should be noted however, that the majority of the tax base growth in the commercial areas, like the proposed Horizon Building and the 111 Leroy Place development, is captured by the DDA and LDFA and is not available for General Fund use (with the exception of the current agreement with the DDA and LDFA to provide support to the General Fund). Fund Balance; The City's overall current fund balance condition would be considered strong. However, budget projections for the next few years indicated a financial concern without corrective action or reliance on non-operating revenue like loans or property sales. General Fund Income Statement Projection; "Other sources" such as land sale of \$1,023,390 which would net approximately \$800,000 should not be used for operating expenses.

Markland stated that using one time revenue sources for operating expenses would not be advisable. The City made adjustments and cuts so as not to dip into the fund balance by changes to the employee healthcare, pay freezes, and change in pension plans for new employees. Headlee and Proposal A hold tax revenue down until: 1) the taxes are uncapped at the sale of property; 2) Headlee is voted out; or 3) there is new property development. Markland along with the Treasurer suggests to take the one time revenue and pay it towards the pension plan. In ten years, the pension plan could be fully funded with putting the one time revenues into the pension fund. Markland stated 7-8 years ago, the outlook was dismal, it is a difference of night and day now.

Jacob commented that healthcare costs will always be a concern. Markland stated that 2017-2018 costs may go up 16%. The increase for 2016-2017 was 6% and absorbed by the City, not passed on to the employees. Markland thanked Stauder for his relationship and work he does for the City.

### **DISCUSSION REGARDING 5K COLOR RAVE RUN**

Interim Police Jason Slater presented a request from James Wiegand, Co-Founder and Elise Clements, Communications Director of the Fenton Challenge to conduct the 2<sup>nd</sup> annual 5K “Color Rave Run” on June 2, 2017 beginning at 9:00PM and concluding at 11:00PM. They are also requesting an exemption to the noise ordinance to allow for the music at the dance-rave until 11:00 PM. The dance-rave will be conducted on the west side of the building which should direct the majority of the sound to the west toward the open field and away from the residents whom live in close proximity to the east side of the church. There were no known police department complaints regarding the event last year.

Markland stated that last year’s event went well for a night time run and was handled well. Grossmeyer voiced concerns regarding the placement of the lights along the route as they caused some visual concern on Owen Road. Grossmeyer also questioned why there were walkers when it was only to be runners. Wiegand stated that they were caught off guard by one family who wanted to run the race but due to physical limitations were unable to run the race but wanted to participate. They made accommodations for this family to walk the race and shortened the route for them.

Slater stated Fenton Schools Athletic Director, Mike Bakker has indicated that he currently has no event scheduled which will conflict with the street run. An 8<sup>th</sup> grade dance is scheduled for the same evening and Principal Ciesielski indicated that the race would not interfere as parents would be directed to enter the Middle School campus via Owen Rd to their main entry.

Wiegand advised that there would not be fireworks this year. Last year they were not aware that they could not set off fireworks and stopped as soon as they were advised.

This item will go to the Monday April 10, 2017 Council meeting for approval.

### **DISCUSSION REGARDING “+1 PROGRAM” FOR SANITARY SEWER LIFT STATIONS**

Public Works Director Dan Czarnecki reviewed the information regarding Kennedy Industries +1 Program. The program is designed to help keep our lift stations running without issue. It is a five year program. They will install new, appropriately sized, more technically up to date pumps at all the lift stations. The pumps will have a 5-year, 100% equipment and labor warranty for each pump. Any issues with the pumps will be addressed by Kennedy Industries. The new pumps are the property of Kennedy Industries, we would not own them. The cost from

Kennedy Industries for the + 1 Program is \$21,833 per year for five years (at the end of five years, we will have paid \$109,165). After the five years, we would need to make a decision on either continuing the program for an additional five years, or stop the program. If we continue with their program, Kennedy Industries will install all new pumps again. If we choose not to continue, they would reinstall our old, originals pumps back into the lift stations. Czarnecki advised there are several benefits to the program. The first, and probably the most important benefit is the installation of new pumps that are completely warranted for 5 years (parts and labor). The average lifespan of a sewer pump is 7-10 years. We are into this time frame as ten of our pumps were installed in 2009. The two at Andover Woods were installed over 18 years ago. Kennedy Industries +1 Program will cover any issues that come up with the pumps during the five year program. There are still other mechanical parts to the lift station such as floats, probe rods, wiring, valves and piping. Repairs of these are not as critical or costly as replacement of the pumps. Another advantage is the new pumps will be more efficient which will help reduce electrical costs. As pumps age, the components wear and it takes more energy to pump the same amount of flow as when the pumps are new. This program appears to be a good asset management program for maintaining our sanitary sewer lift stations, will reduce our risk of a catastrophic event, reduce the need for spare pump inventory, and any emergency pump repair would be completely covered. Czarnecki stated that the pumps have held up well, with only the Howard Street station failing in the past several years. However, we may be on borrowed time on the pumps for the remaining stations. Lift stations and sewer issues are the number one priorities when there is an emergency in the City.

McDermott inquired if this program would replace our preventative maintenance. Czarnecki replied, no, but if it breaks, Kennedy would handle the problem. Kennedy will clean and service the pumps yearly. The DPW will continue their weekly inspections.

This item will go to the April 10, 2017 Council meeting for approval.

### **OAKWOOD CEMETERY PERPETUAL CARE FUND DISCUSSION**

Czarnecki stated the Oakwood Cemetery Board discussed how to increase the money going into the Perpetual Care Fund at their January meeting. At this time 20% of the revenue received from lot sales go into the perpetual care fund. Only the interest earned on the fund is to be used towards the maintenance of Oakwood Cemetery. Currently, the cost of a lot is \$450, \$90 of which is put into the perpetual care fund. There is approximately \$164,000 in the fund at this time. According to records, there are 1400 grave spaces available in the Cemetery. At this time, the maintenance costs for mowing, raking of leaves, trimming bushes and tree limbs, filling in of settled areas, and general routine maintenance is \$31,200 a year. At current lot costs, the perpetual care fund should see \$126,000 deposited into the fund when all the lots are sold. At the current rate of sales, it is estimated the Cemetery would be full in approximately 30 years, at such time there would be no additional money being placed into the fund from lot sales. The Oakwood Cemetery Board is proposes raising the cost for lots to \$500 and charging an additional \$100 for perpetual care. This would raise the amount going into the fund to \$200 for every lot sold. The proposed rate would bring in \$280,000 to the fund by the time all the lots are sold. It should be noted that Fenton Cemetery Service, our current agent for selling lots, charges 20% from every lot sale. With the proposed lot sales rate and fund fee, at the time the Cemetery is full, there should be at least \$444,000 in the fund to earn interest. If the fund can earn at least 7.1% interest, there should be enough to cover the current cost of maintenance. Additional increases will need to be considered as maintenance costs rise. Increasing the number of lots would help to increase the

fund. However, there is not much available land surrounding the Cemetery that could be utilized for traditional burials. One option for increasing the number of spaces is to build additional columbariums for cremation sales along with the inclusion of a scatter garden. These all have potential to bring in more funds that could be used for Cemetery maintenance.

Czarnecki asked Markland if he had Schultz look over the proposal for any legal issues. Markland stated Schultz did not see any issues. Markland said he didn't see a downside and recommended taking a look at the fees every couple of years to reevaluate.

Grossmeyer inquired as to why we are paying a 20% fee to sell the lots. Markland stated there is a lot of work involved in the sale of the lots.

Smith stated the Cemetery is at one of the lowest rates for lots in the area. Draves questioned if raising the prices would stall sales. Czarnecki stated we are still in line and have lower rates than other Cemeteries in the surrounding area.

This item will go to the April 10, 2017 Council meeting for approval.

### **DISCUSSION REGARDING TRANSFER OF COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS**

Markland stated the City of Fenton applied for and obtained CDBG grant money as administered by Genesee County to replace/install ADA approved playground equipment at Bush and Mill Pond Parks in the City. Based upon a recent redetermination by the U.S. Department of Housing and Urban Development (HUD), the CDBG grant money expenditure is not allowed. As communicated by Genesee County to the City they are recommending we transfer the \$15,737 playground equipment CDBG grant money to the CDBG grant project for ADA ramp upgrades to our sidewalks on W. Shiawassee Ave. There are four intersections that are slated for improvement: George, S. West, Davis and Colfax Streets. With the transfer, the \$15,737 would be added to the \$15,737 already allocated for ADA sidewalk ramp upgrades, for a total of \$31,474. This will improve the position of the City in helping cover the cost of upgrading the sidewalk ramps at the four intersections.

Administration recommends transferring the total amount of \$15,737 CDBG playground equipment money as originally awarded to the City per contract dated September 30, 2016 to the ADA sidewalk ramp upgrades CDBG grant award of \$15,737 per contract dated September 30, 2016.

Smith asked if the City would require the contractor or have OHM handle the engineering. Hart stated the City will have to have OHM look over the documents. He stated that it would be risky to leave the engineering to the contractor.

A motion was made by McDermott and seconded by Jacob to approve transferring the total amount of \$15,737 CDBG playground equipment money as originally awarded to the City per contract dated September 30, 2016 to the ADA sidewalk ramp upgrades CDBG grant award of \$15,737 per contract dated September 30, 2016.

YEAS: Grossmeyer, Jacob, McDermott, Smith, Draves

NAYS: None

ABSENT: Lockwood, Osborn. Motion carried by unanimous voice vote.

### **DISCUSSION REGARDING DEMOLITION OF 206 E. CAROLINE STREET**

Markland stated the City of Fenton applied for and obtained CDBG grant money as administered by Genesee County to eliminate blight in the City. The property selected to fulfill this

objective for blight elimination is 206 E. Caroline Street. The added value is that the property can be redeveloped to provide parking adjacent to the downtown public library. Per the bid specifications including project bidding timeline, the deadline for bid submission was March 22nd at 4:00 PM. The City received one bid at a price of \$27,425 from Milford Salvage Iron & Metal Co., Inc.

Hart stated that the grant was \$31,475 for the demolition. Grossmeyer asked if the remainder of the money can be transferred to another project. Hart stated this grant was specific to this project. Draves inquired if there would be a need for further funds if the contractor found asbestos or other hazardous materials. Hart stated the contract states the contractor will be responsible for the removal and disposal of any hazardous waste materials.

A motion was made by McDermott and seconded by Draves to award Milford Salvage Iron & Metal Co., Inc. the contract for the demolition of 206 E. Caroline Street.

YEAS: Jacob, McDermott, Smith, Draves, Grossmeyer

NAYS: None

ABSENT: Lockwood, Osborn. Motion carried by unanimous voice vote.

## **MEMORANDUM OF UNDERSTANDING FOR SHIAWASSEE RIVER WATER TRAIL COALITION**

Markland and Schultz reviewed the Memorandum of Understanding and had concerns regarding the wording "...and allows the Coalition to speak with one voice for the mutually agreed-upon goals set forth below." Authorizing the Coalition to act on behalf of the City as regards to access points and launches may be in conflict with the Council and Parks Board. Jacob stated that the City would always have the last say, we would have a voice, a vote as a member. Smith and Draves would like more time to look over the information before bringing it to a Council meeting for vote. Markland stated he would like to have an address for the Coalition. Jacob will go back to the Coalition for some answers and report back to the next work session for discussion.

## **COUNCIL COMMENTS**

McDermott stated that his father lives in a Township roughly the same size as the City of Fenton and they have on average seven water breaks a day. He reminded everyone the meeting to discuss the roads ~~mileage~~ millage will be in two weeks at 5:00 PM at the Fire Station. The budget session is on Saturday April 22<sup>nd</sup> at 9 AM at the Fire Station.

Smith congratulated Jacob on his upcoming wedding. She reminded everyone that this week begins yard waste pickup.

Grossmeyer stated the construction season is starting soon and would like to see the issue of parking for the Cornerstone building be put on the next work session.

Draves expressed concerns regarding vehicles parking in front yards. She inquired as to the procedure for obtaining a larger recycle receptacle.

## **CALL TO THE AUDIENCE**

Dave McDermott Sr. had questions regarding the pump proposal and wondered if we had any niches for cremation burials.

Meeting adjourned at 9:16 PM.

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Mayor Sue Osborn

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Deputy Clerk, Sue Walsh

Date approved: April 10, 2017