

**City of South Lyon
Regular City Council Meeting
March 28, 2022**

Mayor Pelchat called the meeting to order at 7:30 p.m.

Mayor Pelchat led those present in the Pledge of Allegiance

Roll Call: Councilmembers: Dilg, Kurtzweil, Kivell, Kennedy, Mosier, Hansen

Also present: City Manager Zelenak, Attorney Hamameh, Chief Sovik, Deputy Chief Weir, Finance and Benefit Administrator Tiernan, Director of Utilities & DPW Varney and Deputy Clerk/Treasurer Pieper

MINUTES

CM 3-28-2022 MOTION TO APPROVE MINUTES – 3-14-2022

Motion by Kennedy, supported by Hansen

Motion to approve the minutes as presented

VOTE: MOTION CARRIED UNANIMOUSLY

BILLS- None

AGENDA

CM 3-28-2022 MOTION TO APPROVE AGENDA

Motion by Kennedy, supported by Dilg

Motion to approve agenda as presented

VOTE: MOTION CARRIED UNANIMOUSLY

CONSENT AGENDA - None

PUBLIC COMMENT- None

DISCUSSION – Downtown

City Manager, Paul Zelenak, on behalf of Nate Mack's absence. Zelenak states he will be able to answer any questions regarding the Economic Development and DDA Directors report.

Councilmember Dilg verifies that the goal for the total number of booths for the Farmer's Market is 45. Zelenak states that this is correct and we are looking at perhaps expanding to the south parking lot.

Councilmember Kivell confirms with Zelenak that the Pup Town development has been approved by the Planning Commission and that we are still waiting on the submissions for the new apartments.

Commissioner Kennedy questions where we stand on the repair of the Clock downtown. The base has been repaired and questioned when further repairs for the actual clock will be done. Zelenak stated that Mack will be reaching out to the contractors for further information.

FIRE CHIEF REPORT – Deputy Chief, Weir states that on March 19th, SLFD participated in a joint training with Lyon Township at SLEHS for a joint Rescue Task Force (RTF)

Councilmember Kurtzweil asks DC Weir to pass along her praises to the SLFD Volunteer team, stating that we have the best volunteers in the area. She has met a couple of them and their commitment is unbelievable, they are truly dedicated professionals.

Councilmember Kivell and DC Weir discuss the correction of the labeling of the fire doors.

Councilmember Hansen ask DC Weir to talk about the joint exercise and the cooperation between the school districts and the city and township. Weir states that it definitely takes a village and they try to do this training annually. It is a good training with a great turnout.

POLICE CHIEF REPORT – Police Chief, Chris Sovik advises Council that the department will be getting their new generator April 8th. He adds that they have not had any issues with their phones and internet since changing to Comcast Business Solutions. He also adds that Officer Rapp and Officer Czapski is participating in a 2 week Train the Trainer program and that our new Cadet is getting ready to move on to the physical agility testing. Sovik refers Council to the SRO discussion letter in their packet and adds that he is looking for their input and a good number to retain Officer Walton in the more formal discussion in April.

Councilmember Kurtzweil thanked Sovik along with the South Lyon Community School staff for getting on board with this sooner rather than later. She states that the pressure that was put on the city employees last November and December was unbelievable and it could have been prevented. Kurtzweil adds that we really don't need to be dropping everything to deal with an issue that could have been solved sooner. Kurtzweil goes on to confirm with Sovik that she would appreciate if he could address issues that were presented by Councilmember Kennedy and Kivell, adding Kivell had some legitimate issues in terms of numbers.

Sovik confirmed with Councilmember Kennedy that the schools are locked in on Officer Walton and added that Walton actually taught a math class today and they are very happy with him. Councilmember Kivell added that this speaks volumes and makes quite an impression.

UNFINISHED BUSINESS - None

NEW BUSINESS

1. Bond Counsel Engagement

City Manager Zelenak states based on the City's need for the review and preparation of materials relating to the proposed ballot proposal for the Road Improvement Program, we are engaging the assistance of Miller Canfield, Inc. Zelenak references the memo from the Bond Counsel outlining their role, services to be provided, conflict of interest policy, and fees.

Councilmember Kurtzweil (to Miller, Canfield) states that you will be helping present documents to the Michigan Department of Treasury if necessary, she questions why the state gets involved in the approval of the budget and what exactly are they approving.

Patrick McGow, Miller, Canfield, Paddock and Stone, P.L.C. – McGow advises that every year, the city files its annual audit and there is a qualifying statement that asks about 10 or 12 questions that goes along with it. The questions go along with various state laws on finances and if the city is in compliance, it is granted qualified status, meaning the city can issue bonds throughout the next year without having to

get permission from treasury. If it does not qualify, the city would have to go through an application process for any bond issues.

Finance Director Tiernan advises Council that this is a separate form that we file after our annual finance statement with the State of Michigan. It takes information within the annual financial statement and puts it into a separate document that is reviewed by a department within the department of treasury and then once it's been approved, you receive a letter that tells us if we are able to issue bonds if necessary. Tiernan confirms that we have already received the letter.

Councilmember Kurtzweil asks for an explanation from McGow regarding not being a registered municipal advisor. McGow states that this is not the role that he is performing. He states that he is doing the legal work related to the bond issue and then the next item on the agenda is approving the municipal financial advisor. He then refers back to last summer and some of the Zoom meetings that he attended where we talked about road millages and road bonds, and refers to a couple of opinion letters that were drafted discussing those options. The conclusion after that process was the city was looking at doing a road bond to take to the voters this year. McGow states that what he has prepared was the resolution, which is a draft so Council can see what it would look like.

Councilmember Kurtzweil asks McGow for some examples of monitoring compliance with tax requirements, questioning what kind of things would an auditor or compliance officer be looking for. McGow states that there 2 or 3 different things after a bond is issued to make sure that the city is in compliance. The first one is the use of the improvements. On a road project, this is pretty straightforward, these are going to be owned and used by the city as part of the roadmap. The other thing that comes up is the investment of the bond proceeds and the expenditure of the bond proceeds after the issuance to make sure that the timing of the expenditure complies with the tax rules as well as if there is a situation where the city has bond proceeds that require rebate calculations weekly.

Councilmember Kurtzweil refers to page 4 of the handout, and reads, it is our understanding that final size composition timing of the bonds has not yet been determined. Kurtzweil states that she thought that some of that was already pre-determined. McGow states that at the time the letter was written, we weren't there yet. There have been a couple of revisions to the numbers and what the financial plan has been was to try and achieve a certain mileage rate. Kurtzweil goes on to verify that the type of bond that the City is looking at is an unlimited tax general obligation.

Councilmember Kurtzweil states, her last question is regarding reimbursement allocation of capital expenditures and refers to page 2 of the resolution. She goes on to say, if the City in October spent a half of a million dollars hiring an engineering firm to come in and start preliminary work in anticipation of the bond passing and we plan to pull that out of either our General Fund or maybe we have money set aside in another line item, are you saying that we would submit a request for reimbursement for the \$500,000 and that money would come back to the city? McGow states that if the Bonds are approved and issued, the City is allowed to go back in time and reimburse for all the engineering design, planning and legal costs that occurred relating to that project. Kurtzweil states that we are issuing a Bond in a market where inflation is high and interest rates are rising, how will that affect our sale as we move forward. McGow states that the actual interest rate on the Bonds will not be determined until you sell the Bond. Kurtzweil questions that when the city submits a request for reimbursement for monies from that bond, does that then become a trigger for a compliance issue? McGow refers Council to the schedule in their packet and goes on to explain that the way this would work is that we would advertise the sale of the bonds, take bids and award to the lowest interest rate and approximately 3 weeks later, the City would have the final proceeds from that first issue and the City would control that money.

Councilmember Hansen had a question regarding Exhibit A. – the Extreme Improvements Bond Proposal. He questions that if the estimated mileage to be levied in 2023 is 1.9946 mills (approximately \$1.99 per thousand of taxable value) and the estimated simple average annual mileage rate required to retrieve bonds is 4.0894 mill, for the record can McGow explain the difference between the two. McGow goes on to explain that what Council is looking at is the proposed Bond proposal form and almost everything that is there is required to be there by state law. The state law or bond proposal says that every ballot question for a bond proposal has to state the estimated first year mileage rate and then the average mileage rate overlapping box.

McGow goes on to explain that the first issue is going to be in 2023, and it’s going to start being principle every year for 10 years. The second series is intended to issue in 2026 and it will pay principle for the remaining 7 years. So, the city is going to have 10 years of tax levy’s for these road mileages. Kurtzweil states that it is important to minimize the impact on the taxpayers and her concern was always when does the debt retire at the sewer plant. She adds that this has always been a critical piece of information for her in moving forward with the road mileage.

CM 3-28-2022 MOTION TO APPROVE THE HIRING OF MILLER CANFIELD PADDOCK AND STONE, PLC, TO ASSIST THE CITY IN THE PREPARATION OF ITEMS RELATED TO THE UNLIMITED TAX GENERAL OBLIGATION ROAD BONDS.

Motion by Kurtzweil, supported by Kennedy

ROLL CALL VOTE:

- Dilg- Yes
 - Kivell- Yes
 - Mosier- Yes
 - Kennedy- Yes
 - Hansen- Yes
 - Kurtzweil- Yes
 - Pelchat- Yes
- MOTION CARRIED UNANIMOUSLY**

2. MFCI Bond Engagement

City Manager Zelenak states based upon the City’s need for review and preparation of the materials relating to the proposed ballot proposal for the Road Improvement Program, we are engaging in the assistance Municipal Financial Consultant, Inc. (MFCI) to handle our Bond and refers Council to the information in their packet.

Councilmember Kurtzweil questions Burke what is the market for this, over the counter, private market, auction, etc.?

Steven Burke, MFCI, LLC states that facts and circumstances at the time will determine a lot and we would take the best course of action for the client’s situation. Our main directive is to make sure that the financial stand point is that the city is taken care of and presenting the facts to help the city make its decision.

Councilmember Kurtzweil states that we want to get down to the minutiae when you are looking at the underwriter fees. The bank is holding the Bonds, but the underwriter is the one that has to go out and find the market and there will be a cost and a risk to doing so. She asks Burke if he has a forecast for the next six months. Burke states that he has been caught off guard by the rate changes. Kurtzweil states that she

thought that if at some point you have money in the bank, can you pay the Bond off early, but recently learned that you cannot because it is a contract and you've agreed to pay interest on that 10 year period, unless the Bond allows or permits you to. Burke adds that this option can always be negotiated in, but the 10 year goal is the standard. There is a cost for options to pay early.

Councilmember Hansen questions that if the interest rates continue to rise, is this better for the City for when it becomes time to sell Bonds in the future. Burke states that there is always a market, however, we did have a time during Covid and sometime back in 2008-2009 when we could not sell Bonds, but there is always a price. Hansen questions if there has been much of an impact on the market with everything that is going on with the war in the Ukraine. Burke states that first we have already seen the disruption with the treasuries and second with the commodities it is pushing inflation higher.

Burke states that the city bonds are getting high investment ratings.

Councilmember Kivell questions that in the event that during the course, we kick this project off, we've got road construction going on, we are starting to approach the second series of Bonds, and we get a 2008 thing and we are deciding we do not want to move forward. He confirms that these are not necessarily coupled.

CM 3-28-2022 MOTION TO APPROVE THE HIRING OF MFCI TO ASSIST THE CITY IN THE PREPARATION OF ITEMS RELATED TO THE UNLIMITED TAX GENERAL OBLIGATION ROAD BONDS.

Motion by Kurtzweil, supported by Kennedy

ROLL CALL VOTE:

Kennedy- Yes
Kurtzweil- Yes
Dilg- Yes
Hansen- Yes
Kivell- Yes
Mosier- Yes
Pelchat- Yes

MOTION CARRIED UNANIMOUSLY

3. Contract Award for the 2022 DPW Complex Paving Improvements

Utilities & DPW Director Varney – Varney states the DPW has budgeted for this year to pave Phase I of the parking lot. This is a scheduled purchase for this year's budget. This expenditure can be purchased out of the Capital Improvement account 401.451.802.500, with the total amount being \$261,817.50. Based on the enclosed letter from our consultant engineers at HRC, he recommends we award the contract to Hartwell Cement Company of Oak Park, MI.

CM 3-28-2022 TO APPROVE THE CONTRACT BE AWARDED TO HARTWELL CEMENT COMPANY FOR \$261,817.50 UNDER LINE ITEM 401.451.802.500.

Motion by Kivell, supported by Kennedy

ROLL CALL VOTE:

Hansen- Yes
Dilg- Yes
Kurtzweil- Yes
Kivell- Yes

Mosier- Yes
 Kennedy- Yes
 Pelchat- Yes
MOTION CARRIED UNANIMOUSLY

4. Purchase and Installation of a Furnace for the Department of Public Works

Director Varney states the furnace for the DPW had a recent failure and will need to be replaced. The current gas fired unit has reached the end of its useful life, it is very old. The Operations and Maintenance Supervisor has met with several companies to discuss options and three quotes are attached for your review. The replacement furnace will have a higher efficiency rating and is a like replacement for the current furnace.

Councilmember Kurtzweil verifies with Varney that this is not the hanging furnace. She goes on to say that there is quite a wide swing in the dollar amounts. Varney explains that the super high bid included central air and a whole bunch of other work that we didn't need. As far as the swing on the Lenox quote it's maybe the Cadillac vs the Lexus, they are really not that different. He states that he personally did not meet these guys in the field. He also verifies that they have the furnace in inventory.

Councilmember Dilg states that this is definitely a low bid, adding even cheaper than for her own home.

Councilmember Kivell confirms that Lenox is the Cadillac unit, however, when we obtain 3 bids, he would like to see them more similar. It doesn't help us if they are not bidding on what the job is. It needs to be more specific.

CM 3-28-2022 TO APPROVE THE PURCHASE AND INSTALLATION OF A NEW FURNACE FOR THE DEPARTMENT OF PUBLIC WORKS FOR THE AMOUNT OF \$5,650.06 UNDER LINE ITEM 101.440.931.

Motion by Kennedy, supported by Hansen

ROLL CALL VOTE:

Hansen- Yes
 Dilg- Yes
 Kivell- Yes
 Kennedy- Yes
 Kurtzweil- Yes
 Mosier- Yes
 Pelchat- Yes
MOTION CARRIED UNANIMOUSLY

5. Purchase of a new VFD for the Wastewater Treatment Facility

The wastewater treatment facility needs to replace a failing Variable Frequency Drive for Blower #1. This is a scheduled purchase for this year's budget. This expenditure can be purchased out of the Capital Improvement account 592.557.970 with the total amount being \$15,031.00. Kerr Pump and Supply has offered to utilize a like replacement and is including with the startup of the VFD an 18-month warranty. Kerr Pump replaced the other VFD in October of 2020 and they are familiar with all the requirements to properly complete the VFD replacement.

CM 3-28-2022 TO WAIVE SEC 2-224 OF THE CITY OF SOUTH LYON CODE OF ORDINANCES, “APPROVAL FOR PURCHASES OR CONTRACTS OVER \$2,000.00; COMPETITIVE BIDDING FOR PURCHASES OR BIDDING OVER \$5,000.00” BECAUSE “NO ADVANTAGE TO THE CITY WILL RESULT” FROM COMPETITIVE BIDDING.

Motion by Kivell, supported by Kennedy

ROLL CALL VOTE:

Dilg- Yes
 Hansen- Yes
 Mosier- Yes
 Kennedy- Yes
 Kivell- Yes
 Kurtzweil- Yes
 Pelchat- Yes

MOTION CARRIED UNANIMOUSLY

CM 3-28-2022 MOTION TO APPROVE THE PURCHASE AND INSTALLATION OF A NEW VARIABLE FREQUENCY DRIVE FOR BLOWER #1 AT THE WASTEWATER TREATMENT FACILITY FOR \$15,031.00 UNDER LINE ITEM 592.557.970.

Motion by Kivell, supported by Kennedy

ROLL CALL VOTE:

Kivell- Yes
 Kennedy- Yes
 Mosier- Yes
 Kurtzweil- Yes
 Hansen- Yes
 Dilg- Yes
 Pelchat- Yes

MOTION CARRIED UNANIMOUSLY

BUDGET – None

PUBLIC COMMENT – None

MANAGER’S REPORT – City Manager Zelenak advises Council that we will the ballot language for the Road Improvement Program on most likely the second meeting of April. Additionally, we will be bringing back the water/sewer tap fee usage policy, discussion on the unsolicited material ordinance and the SRO agreement with the South Lyon Schools.

Zelenak states that everyone has received their copy of the Budget and our Budget Meeting is scheduled for April 6th at 6:00 p.m. Here in the Council Auditorium.

3-28-2022

Zelenak goes on to update the construction on the I96 Flex route. The three-year project will entail shifting traffic onto the westbound lanes between Kent Lake and Wixom Road through Fall of 2022. The ramps at Kent Lake, Milford Road and Wixom Road will be closed at various times during construction. He adds that we have applied for another railway maintenance grant for the city, requesting close to \$200,000.00 for the construction and repair of the section of trailway, south of Princeton all the way to Volunteer Park. Zelenak also states that he had a meeting this week with the Historical Society to go over their ideas and future plans for the Historical Village. They worked on laying out where a proposed barn, additional parking and other improvements would be located.

Councilmember Kivell confirms with Zelenak that the granting agency is Wilson. He also adds that he hopes that we don't end up taking the entire Asphalt package and go from Volunteer Park until we run out of money. He adds that the stretch by the Tube Mill sees much more traffic than most any place else in the city. This is the oldest stretch of paving that we have, and we need to try and make that sound. He just doesn't want to see us squandering good asphalt on areas that are not nearly as damaged as that.

Councilmember Dilg questions what we are doing with the money that we allocated for this year for repairs. Zelenak states that that money (\$70,000) was not spent and will be added to the Trailway Grant if received. He states that this entire project from Volunteer Park and the area all the way to Princeton is close to \$400,000.00 worth of improvements. Zelenak confirms that we have not got the assessment of the entire trail back from HRC, but we should have it back before we approve the budget.

Councilmember Kennedy states that he wants to add to what Kivell said and we should put the money where it is best used. To bring the trail up to a reasonable level throughout its total length would be far better than putting new asphalt over pretty good asphalt. City Manager Zelenak reminds Council that we have to consider the application for the grant. If we are going to be doing pieces across sections of the city, we may not get that grant. When they see what that grant is for and the see leading to a park, along a trailway, along a lookout, etc., those are some of the sale items that we have. These are all the things that we analyze when applying for a grant. Kennedy adds, he would just like to have a good perspective on where we can use the money.

Councilmember Kurtzweil questions if we still have money that was allocated for Paul Baker Park. Zelenak confirms that we do have \$5,000 budgeted for improvements. Kurtzweil would like to get started adding another table and confirms that the planting material is going to be donated.

Councilmember Hansen asks for an update on Lefty's Cheesesteak. Zelenak states that our Ordinance Officer has been issuing weekly tickets based upon recommendations from the prosecutor. Hansen asks if there has been any movement with the Doctor's office. Zelenak states that there has been consistent activity with building and electrical improvements and references the DDA report from a few weeks ago.

COUNCIL COMMENTS –

Councilmember Hansen – Just a reminder, the 18th Annual Creek Clean Up is April 24th, starting at 9:00 a.m.

Councilmember Kurtzweil – Just a reminder that there will be an Easter Egg Hunt, and we will have more details at the next meeting. Thank you to the staff and the department heads that have been working really hard putting together the budget, your time and effort is very much appreciated. She goes on to say, turn off the tv and put down the cell phones. Take a walk, visit with a neighbor that you may not have seen in

a while. Get outside and enjoy the fresh air. It will be good for you and for those that you live with. Good night.

Councilmember Kennedy reminds the residents that there will be a RRRASOC Household Hazardous Waste collection event on Saturday, April 9th, from 9:00 a.m. to 2:00 p.m. Gather up unwanted electronics and the hazardous waste from your garage and take it to the Wixom DPW Yard at 2041 Charms Road in Wixom. He adds that they will also have document shredding available.

Councilmember Mosier – Hope everyone has a good week.

Councilmember Kivell states the RCA building is continuing to move forward. Little by little, fingers crossed we will get ready for some Italian food!

Mayor Pelchat thanks our Oakland County Commissioner, Phil Weipert, for attending the State of the County meeting last week. Pelchat was there for the 40 under 40 awards ceremony and thought the best bang for the buck was to ride on Commissioner's coat tails, because he knows everybody. It was a great time. Pelchat added that he received an email from the Chamber of Commerce and shared that our Councilmember Kennedy will be awarded with an incredible honor as Citizen of the Year. The Cook's who does the big car show here in town will also be recognized. Along with Chris Stone, the owner of the New Hudson Inn, who will be receiving a Lifetime Achievement Award. Congratulations to everyone!

ADJOURNMENT

CM 3-7-22 MOTION TO ADJOURN

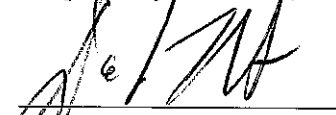
Motion by Kurtzweil

Motion to adjourn meeting at 8:52 p.m.

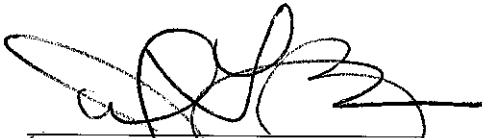
VOTE:

MOTION CARRIED

Respectfully submitted,



Mayor Dan Pelchat



Deputy Clerk/Treasurer Judy Pieper