

City of South Lyon Council Budget Workshop

April 8, 2021

Mayor Pelchat called the meeting to order at 6:00 p.m.

Mayor Pelchat led those present in the Pledge of Allegiance

Roll Call: Mayor Pelchat joined the meeting from South Lyon MI, Councilmembers: Dilg joined the meeting from South Lyon MI, Kennedy joined the meeting from South Lyon MI, Kivell joined the meeting from South Lyon, MI, Kurtzweil joined the meeting from South Lyon MI, Richards joined the meeting from South Lyon, MI and Walton joined the meeting from South Lyon MI

Also, present: City Manager Zelenak, Chief Sovik, Chief Vogel, Finance and Benefit Administrator Tiernan, DDA Director Mack, Superintendent Varney and Clerk/Treasurer Deaton

City Manager Zelenak stated the budget was prepared based upon Council recommendations, staff input and review of needs of the departments and the community. He then stated the numbers are reflective of expected revenues that are to be received based upon taxable values provided by Oakland County Equalization and the proposed millages. He then thanked all the department heads for their work on the budget. He further stated we are holding off on putting any projected revenues for the American Rescue Plan Act in the 2021-2022 budget until we get a final confirmation from the Federal Government. The allocation will be distributed 50% in the initial allocation, then 50% the following year.

ADMINISTRATION

Clerk/Treasurer Deaton stated there were a few things that were changed that should be pointed out. She stated we raised the professional services line item. We lowered the Election line item due to only having one local election in the current year, it will be much different than the 2020 Election year. She then stated we raised the line item for telephones due to the new Comcast and equipment being installed, and hopefully we will have much better service than we have had in the past. We lowered transportation and mileage due to the fact people aren't traveling for work as much due to Covid. We raised the contribution to solid waste for RRASOC due to the fact people are home a lot more, they are doing a lot more recycling. She then stated we have money set aside for new equipment in the cable room, because sooner or later the equipment is going to die off. Councilmember Kennedy asked about the \$50,000 difference in Safebuilt. City Manager Zelenak stated that was changed based upon the changes in the way we are handling our billing. We are now taking 10% of the revenues and still expecting an increase, so we are expecting an increase in expenditures as well. We based that upon discussions with Safebuilt and their expectations. Councilmember Kivell stated he was wondering if there is a way for us to find some kind of a reward through Safebuilt for the permits that wouldn't have been pulled if our Ordinance Officer wouldn't have found out about the projects people were beginning without permits. Councilmember Kurtzweil asked why we are paying less this year for the OPEB. Finance and Benefit Administrator Tiernan stated we are making double-payments this year, so next year we will just be making the single payment again. The trust wasn't set up by June 30th, so one payment was for last year, and this month we will be paying for this current year.

CEMETERY AND CEMETERY PERPETUAL FUND

City Manager Zelenak stated we are going to continue to layout section 11 which includes the grading and placement of new grave markers. He further stated expenditures will come out of the cemetery perpetual care fund which will also make a minor change on how we chargeback. He explained it will always be based upon the existing fund balance instead of a flat amount as done in the past. This will ensure there is always a fund balance to make improvements to the Cemetery. Revenues can't exceed

expenditures. Councilmember Kivell asked if he thinks people will be more willing to buy plots once the improvements are made. City Manager Zelenak stated we will have pamphlets with information at the Cemetery as well as online and at City Hall, which is our marketing plan for the Cemetery.

Councilmember Kennedy asked why the wages went down, but the fringe benefits went up 2 ½ times. Benefit and Finance Administrator Tiernan stated wages for all the departments that are under the umbrella of the DPW, she takes a calculation that looks at a 5-year average based on current estimated wages will be. She then stated it is more like a smoothing process, we can't always just look at the previous year, because that could always be different if there was a sewer main break. She then stated using the 5-year average to smooth out any anomalies is how that is forecasted. There is a variance to where we were for the current year, but there were some areas we added some expenditures based on things we offered the part time staff. We also had other items that aren't as detailed in the Cemetery budget, because it does include some of the OPEB. Councilmember Kennedy then asked if the other departments will be the same. Finance and Benefit Administrator stated it will not be the same because we have to take into consideration the union contracts.

TRANSPORTATION

City Manager Zelenak stated the transportation line item covers the cost for the contract with People's Express for low-cost transportation for our residents.

POLICE DEPARTMENT

Chief Sovik stated the overall budget is approximately \$10,000 less than last year. The big item purchase is a whole building generator. When we lose power, the water department has to bring over a diesel generator and the last time, we had to jumpstart it, and it is loud and requires a lot of gas. He stated we have 3 bids so far. He then stated we are also under wages and salaries. He stated he and Lieutenant Baaki are being financially responsible. Chief Sovik then stated we received \$68,000 from the DEA from when we had an officer working with them in the past. He further stated we still have active cases, so we plan on continuing to get money for that, but we don't know how long it will take. He stated we still have almost \$82,000 in our drug forfeiture fund and equipment fund. We are hoping to get new cameras for the interrogation room, it is currently analog and he would like us to go digital. He then stated since we started the accreditation process, we found out we are going to need a couple more cameras for accountability, and security purpose. We are looking to do that with the DEA funds. He then stated they are hoping to purchase some sort of utility vehicle to use around the building as well as tasks outside of the Police Department. He stated when we have to deploy the speed limit monitors throughout the City, we have to use someone's personal vehicle, or if we want to bring bicycles to the barn, and he is trying to get away from that. It could also be used for professional events as well. We are working on a Capital Improvement Plan. We have been fiscally responsible and will continue to do so. Councilmember Kennedy asked if we will continue any of the old sedans if we get the new utility vehicle. Chief Sovik stated they have one of the older sedans that we plan on retiring. Councilmember Kurtzweil stated she is happy with how he is handling the budget and she's happy there was no cut in the training, that is very important. She then asked why you have to always have \$4,000 in the fund. Chief Sovik stated there are certain funds they can use, and we have to spend at least that much money from accidents and tickets. The state wants us to spend at least that much on training.

FIRE DEPARTMENT

Chief Vogel stated the mission of the Fire Department is to serve and protect the community and the life, property and environment within cost. He then stated there are 4 factors that go into the budget, training, staff, facilities and equipment. He stated we have a 30-year-old building and we are pretty lucky that we

have a Council that is supportive of getting a ladder truck. He stated we always chase grants to help with their purchases. He stated things in his budget includes items like the radios that are mandated by the County. He has a grant for the radios, but it's not a priority to FEMA. He further stated he is always writing grants for turnout gear, and other items. He has been fortunate to get some of them, but there are always things we have to purchase. He is looking at purchasing a utility truck, some future challenges are the increasing demand for services. Another challenge is maintaining a diversified workforce, and we have been trying to expand the cadet program. Another challenge is maintaining our aging fleet, as well as maintaining our ISO rating of a 3. He further stated he is confident we can maintain that rating. Councilmember Kivell stated he was looking at the numbers and if we pay half a million-up front, we will have \$53,000 annually where we will be more liquid and we would save interest in interest. He doesn't see the advantage in paying the \$250,000. Chief Vogel stated he has spoken with Patricia Tiernan at City Hall to help him with looking at these numbers. Ms. Tiernan has worked with many banks and financial authorities to find what was in the best interest for the community. Finance and Benefit Administrator Tiernan stated that is a possibility and that's why she supplied that as an option, but it will limit the amount of cash if something else came up. She stated fiscally the City can make a larger down payment and in the long run, it would save money. It is up to Council to make the decision if we want to pay less for the truck in the end, or keep more money in the fund balance. Councilmember Kurtzweil asked if we get some money from the government and it can be used for the Fire truck, will they change the amortization of the loan so it will lower the payments and we need to make sure if we make an additional payment is there a penalty. Ms. Tiernan stated once Council has voted and made their decision, she will meet with the finance people and they will update the contracts, nothing will be done until Council makes their final decision and currently it shows a penalty if paid off early. She further stated that does leave us a little vulnerable not knowing what the interest rates will be. She stated the interest rate for this right now would be 2.29% Further discussion was held regarding the different down payment options. City Manager Zelenak stated we will bring additional information back to Council for them to make the final decision. Councilmember Kennedy stated there are various means to purchase the vehicle, maybe we should talk about what the City is also allowed millages for. The City is entitled to another \$400,000 if we add a millage. According to SEMCOG, we are only about 3-5% that doesn't levy the full amount we are allowed. We could use that for the down payment, which would also save on the interest on the loan. It was the consensus of Council to look at different ways to purchase the fire truck including adding a millage.

AMBULANCE

City Manager Zelenak stated this item includes insurance for the HVA and the insurance for the fire department building. Chief Vogel stated there is a lot going on and there is talk of them doing an overhaul, and the possibility of our ambulance leaving, and he continues to have talks with them to do more cost sharing on the building. He then stated HVA doesn't have a lot of revenue and they take care of their unit and they are a good tenant but they get a good deal too. He will continue to try get tenant a fare share for them to have a nice building. Further discussion was held regarding the portion of utilities they pay to us compared to what they pay other communities.

DPW

Superintendent Varney stated there are some big-ticket items we will be doing for the DPW. We will be moving the fuel tanks, and hoping to pave a portion of the parking lot and a new retention pond. The buildings are in fairly good shape. Councilmember Kurtzweil asked about the line locator.

Superintendent Varney stated they have one now, but it doesn't work properly. He stated it shows live video feed for any backups and we can use it for other things as well such as inspecting sanitary sewers.

Councilmember Kurtzweil asked about the easement machine. Superintendent Varney stated this easement machine can go up to 8 inches and beyond, it is a machine that is designed to hook up to the vacator truck and it uses the vacators water supply and we can use this to get to over a dozen places that aren't accessible with our vacator truck. He is trying to be pro-active. It will be for preventative maintenance. Councilmember Kurtzweil stated she is glad he is being pro active and this hasn't been done in a long time, she was shocked to hear there are areas in the City that we can't get to. Councilmember Kivell asked if they will be doing more preventative maintenance on the storm sewers. Mr. Varney stated as long as he is aware of it, he will make sure they get cleaned out, he isn't aware of any right now.

PARKS AND RECREATION

City Manager Zelenak stated the Parks and Recreation Commission has funds to continue development at Volunteer park, as well as improvements at McHattie Park and the Veterans Memorial. Mayor Pelchat stated he wants to make sure the flags don't get tattered at the Veterans Memorial. Councilmember Kivell stated he was under the impression the VFW was going to be taking care of the flags. Councilmember Walton stated she knows there is someone that wants to make a donation for the Memorial, but they haven't been able to reach anyone on the Veterans Memorial. City Manager Zelenak stated they need to contact City Hall. Councilmember Richards stated Russell Architectural firm has been sketching and making maps of certain areas of the parks and he hopes we can continue to keep him active with the City. City Manager Zelenak stated they will be continuing working on the master plan along with CIB Planning.

HISTORICAL

City Manager Zelenak stated they have money allocated for future improvements and adding a barn along with a foundation. The historical society is working through the process of purchasing a barn they have located. He stated there is also money for building maintenance. Councilmember Kennedy asked about the 4 HVAC units that will need to be replaced. City Manager Zelenak stated they had someone come out last year, and they felt they are all in good working condition for this budget year. Councilmember Richards stated as we go through end of the budget, there are always funds that aren't used, and he is talking about \$3,000 and maybe we can replace the road around the depot. Councilmember Kennedy stated we looked at that before, and the cost would have been \$25,000.

CABLE COMMISSION

City Manager Zelenak stated they have identified different purchases they would like to get to solicit volunteers, and the equipment is a new playback system. By purchasing that, they could change the programming at City Hall anywhere. Councilmember Kivell stated we need to move forward with this. They had interest in trying to get more information to the residents. Mayor Pelchat stated he has repeated his efforts to this more than once to the schools and hopefully it can happen.

CULTURAL ARTS COMMISSION

City Manager Zelenak stated the Cultural Arts Commission have funds identified for cultural activities for the community, such as events and services. This includes poets, writers and art shows.

VETERANS MEMORIAL

City Manager Zelenak stated they have been working on what improvements they want made. They have discussed putting in electric out there and we should provide maintenance on site, and we will have DPW installing a water line for maintenance.

MAJOR/LOCAL STREETS

Superintendent Varney stated the operating expense section covers the upgrade to the pedestrian crossing in front of the hotel, we will put something that hasn't been there before, and possibly other crosswalks around town. He stated the signage that is there gets missed, we are working with some sign people and it will be lit up. Councilmember Dilg stated she is very happy about the cross walk and it will make it safer and hopefully we can use them in other places as well. City Manager Zelenak stated any potential work we will be doing on local and major streets is not included in this. He stated he will be bringing a long-term plan for the 40 plus million-dollar road program to Council in the future.

DDA

Downtown Development Director Mack stated one of the changes from last years budget is the implementation of a downtown gift certificate program, and it will be self-funded except for the cost to print the gift certificate which is minimal. He then explained individuals will be able to purchase them from City Hall, then the participating businesses downtown will give City Hall the gift certificates, then we would write them a check. He then stated another change is the installation of murals in downtown. Grande Trunke will be putting a mural on their building and we received a \$500.00 grant from Oakland County to help with the installation of that mural. He then stated he would like to have 2 other murals downtown and he is hoping through fundraising for those murals to have them put up. He is still in discussions with the Cultural Arts and the DDA for the locations. Mr. Mack stated another change is to have electric vehicle charging stations in the downtown as well as some additional electrical capabilities in the Wells Street parking lot. Currently DTE has a rebate program available for electric vehicle charging stations. It is \$2,500 per charging port. On the charging stand there are two ports. We would have that installed in the Wells Street parking lot and while that is going in, we would also add some electrical for events and food trucks. Mr. Mack stated we have also put aside some funds for improvements at 390 S Lafayette Street. He has met with Parks and Recreation; the Cultural Arts Commission and it has been on ongoing discussion with the DDA. The DDA will continue to fundraise for its events, and we are monitoring the COVID numbers, but hoping to have some events this year. He further stated the Farmers Market will continue fundraising as well. Councilmember Walton stated they have asked in the past about a bicycle station in the downtown area where people can stop and work on their bikes. She stated there is one down by the library, but she would like to see one downtown. Councilmember Kurtzweil stated she had someone contact her about a notice they received about enlarging the DDA district. Mr. Mack stated there is no plan on enlarging the DDA District, it is a large process and it allows for different taxing entities to opt out, what they are referring to is expanding the central business district zoning classification. He stated the central business district zoning is the 4 corners, and the new zoning ordinance will extend it further north and south on Lafayette. Councilmember Kennedy stated he and the City Manager have talked about the locations of the charging stations, and the recommendation to protect them is to keep them on an outside wall, and you want to put them in the center island which may make them acceptable for damage from cars. He would like someone that installs them to give us guidance on where we should put them. He then stated we've talked about who will be paying for the electric? He stated he would like to make sure this is metered separately so we know exactly how much that benefit is costing us and how often they are being used. City Manager Zelenak stated there will be a meter installed next to them. He and Nate are meeting with the representatives of DTE for the proper location as well as for the additional electrical that will be installed for events. Mr. Mack stated we will be able to see the peak time it is being used. Councilmember Kennedy stated there are different charging stations. Mr. Mack stated the rebate station is for the level 2 charging stations, the level 3 would give you a full charge on your car in about 30 minutes. It will probably be about 30% charge. Councilmember Kivell stated the electricity that is going to be used will

be paid through the DDA budget. City Manager Zelenak stated the equipment will be purchased through the DDA, but for the first year we have it in the City's electrical. Councilmember Kivell stated there is so many different platforms, do they account for everyone's need? City Manager Zelenak stated he doesn't currently have that information, but he has been in contact with 7 potential companies that could supply them. He stated we could potentially get a rebate through DTE for all those things. Further discussion was held regarding the charging stations and who is going to pay the cost of the electricity. City Manager Zelenak stated he has discussed this with the DDA and we think it is a good partnership for the DDA and the City because the DDA is picking up the cost of the equipment. It is an added benefit to the entire City, not just the DDA.

WATER AND SEWER

City Manager Zelenak stated we will be discussing major expenditures to upgrade the equipment in the water and sewer plants and facilities which will be paid for by the water and sewer increase. He stated on the revenue sheet, it shows numbers showing the current cash on hand. Finance and Benefit Administrator Tiernan stated she wanted to point out there is a beginning net position that is an estimation of where we think we will be July 1, 2021 which will include restricted and unrestricted dollars. We are also including the expenditures and what that will look like after they have been spent. This is for informational purposes.

CDBG

City Manager Zelenak stated this reflects the dollars we receive from the CDBG through Oakland County and we use that money for the senior center and Haven.

WASTEWATER TREATMENT BOND

Finance and Benefit Administrator stated we are just showing our next payments that will be due in the 2021 budget. This is scheduled to be paid off in 2025-2026 budget year.

CAPITAL IMPROVEMENT FUND

City Manager Zelenak stated we have money allocated for a certain portion of the improvements at the DPW yard as well as some money dedicated for the pathways for the trail system based on the condition analysis that was performed on all the trails within the City. And the worst portion is just north of Volunteer Park and south of 9 Mile where there is a section that is potentially going into a retention pond as well as more work in that area. This past year we had money allocated for the Safe Routes to School program which was going to be split between the schools, the City and the Township. That program is eliminated so we are now partnering with the Township and just doing the 3 crosswalks. We will have an agreement with the township for performing and getting all the work done and hiring a contractor. That will come before City Council as well as the agreement.

LAND ACQUISITION

City Manager Zelenak stated we are on hold for the potential sale of 318 W Lake Street.

EQUIPMENT REPLACEMENT

City Manager Zelenak stated there are a couple of items under this heading. One is the payment for the street sweeper and the other is the remote easement machine.

City Manager Zelenak stated we could bring this back to Council on another date based on the discussion tonight and Council could always discuss it during the regular Council Meeting.

Mayor Pelchat thanked Ms. Tiernan and the team at City Hall and all the Department Heads, he stated we have come a long way in the last few years. He thanked everyone for their time and effort.

PUBLIC COMMENT-None

Councilmember Richards stated between now and the next budget meeting, he will be giving some input about certain line items that he thinks need attention and he will discuss that with the City Manager.

ADJOURNMENT

CM 4-1-21 MOTION TO ADJOURN

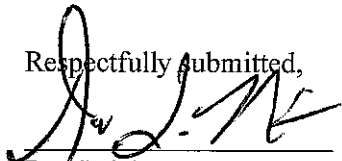
Motion by Kurtzweil, supported by Walton

Motion to adjourn at 8:00 p.m.

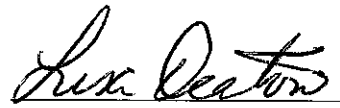
VOTE:

MOTION CARRIED UNANIMOUSLY

Respectfully submitted,



Dan Pelchat, Mayor



Lisa Deaton, City Clerk