

# **Regular City Council Meeting**

## **May 26, 2020**

**7:30 p.m.**      **Call to Order**  
**Pledge of Allegiance**  
**Roll Call**  
**Approval of City Council Minutes: May 11, 2020**  
**Approval of Bills: None**  
**Approval of Agenda**

**Proclamation – National Gun Violence Awareness Day**

**Public Comment**

**Discussion - Downtown**

**Fire Chief Report**  
**Police Chief Report**

**Public Hearing: 2020-2021 Budget**  
**Public Hearing: Tax Abatement**

### **I. Old Business**

- 1. 2020-2021 Budget Approval**

### **II. New Business**

- 1. Tax Abatement**
- 2. Discussion of Recording City Meetings**
- 3. Purchase and installation of approximately 6000 square feet of topcoat asphalt for Rail Trail path south of 11 Mile and to the west of the Knolls subdivision**
- 4. Sanitary Sewer Evaluation Study Phase 2 (NE Quadrant: Sect 20-3)**

### **III. Budget**

### **IV. Manager's Report**

### **V. Public Comment**

### **VI. Council Comments**

### **VII. Adjournment**

*\*Please see reverse side for rules of conduct for public comment at City Council meetings\**

City of South Lyon  
Regular Council Meeting  
May 11, 2020

Mayor Pelchat called the meeting to order at 7:30 p.m.  
Mayor Pelchat led those present in the Pledge of Allegiance

Present: Mayor Pelchat, Councilmembers Dilg, Kennedy, Kivell, Kurtzweil, Richards and Walton  
Also present: City Manager Zelenak, Chief Sovik, Chief Vogel, Superintendent Varney, Attorney Hamameh and Clerk/Treasurer Deaton

MINUTES

Councilmember Kivell stated on page 2 the word if needs to be inserted in the sentence 3 lines up from the bottom of the page. Councilmember Kivell stated on page 4, in the middle of the DTE discussion, the sentence should say who approved the design of this. He then stated on page 6, the sentence should end with that volunteer spirit has been strong here.

CM 5-1-20 MOTION TO APPROVE MINUTES

Motion by Kennedy, supported by Kivell  
Motion to approve the minutes as amended

VOTE: MOTION CARRIED UNANIMOUSLY

BILLS

Councilmember Richards stated in the last two months, there have been payments made to HRC for \$70,000 and he thought there was a limit on what they could bill monthly.

CM 5-2-20 MOTION TO APPROVE THE BILLS

Motion by Kivell, supported by Dilg  
Motion to approve the bills as presented

VOTE: MOTION CARRIED UNANIMOUSLY

AGENDA

CM 5-3-20 MOTION TO APPROVE THE AGENDA

Motion by Kennedy, supported by Kivell  
Motion to approve the agenda as presented

VOTE: MOTION CARRIED UNANIMOUSLY

PUBLIC COMMENT- None

DISCUSSION- Downtown

Carol Brandon stated she has been working on the Oakland County Stabilization Grant and round one has been completed, we are now working on round two. We will be getting \$133,835 and it is in processing so she cannot comment on who is getting what. She further stated we are working on a crowdfunding campaign which is a matching donation program through the Main Street of Oakland County for businesses impacted by Covid-19. She further stated it runs through May 23, it is on our website and Facebook page and other people have shared it as well. As of right now we have approximately \$1,500. Ms. Brandon stated the DDA will be meeting this week and we are going to put together an application

for the businesses to apply for the crowdfunding money. She stated along with Mayor Pelchat and Councilmember Dilg and Councilmember Kennedy, we are working on the Lyon Business Group Covid-19 Recovery Team and working with Lyon Township and the Kensington Valley Chamber of Commerce. She stated they are working on a business survey and Lisa Dilg posted that on Facebook. She stated we will be alternating days where we send out the links to different platforms. Councilmember Dilg thanked Carol for assisting with this in the absence of a DDA Director. Mayor Pelchat stated Carol was going to be brought on full time in July and if she is going to be doing additional DDA duties, she should be brought on full time before that.

### FIRE CHIEF REPORT

Chief Vogel stated we got the ladder truck back in service on Saturday evening and we were able to use it at the Fire at Pro Pizza on Saturday. He stated the cost was under \$3,000 and it works great. It was a busy weekend. He stated calls were up. He stated they worked with the County and were able to get Pro Pizza opened today. He stated we received bad news. The grant he was writing for the corona virus and they changed the rules. He stated he is very disappointed. He stated at the beginning they said any extra hours of staff would be considered for the FEMA grant, but now they are saying something else. He reached out to the Governor's office and FEMA and they are going to reconsider. He stated he is hoping we get reimbursed. He stated the Covid calls have been steady. Chief Vogel stated the majority of our employees were tested today. Chief Sovik headed this up and Nova had a testing site today. He further stated the results will be given in approximately 36 hours. He stated he has been working to ensure when we open back up, we will have enough PPE equipment for the employees. Councilmember Kivell thanked him for all they have been doing. He is happy the rig was back that quick. Councilmember Kurtzweil stated she was glad the testing has been done for some of our first responders. She then asked for clarification on the State Fire Marshall being in town. Chief Vogel stated it is a long story, but it started with a complaint about one of our business owners in town and the business owner felt he was treated badly and they thought it was one of our employees. He stated he found out it was a State employee and he filed a complaint with the Governor's office and he was assured that this would be handled. He further stated the State employees are supposed to be educating the safe order of the safe distancing. He further stated there was another complaint by another business owner as well as one from Lyon Township. Councilmember Kurtzweil asked why the State Fire Marshall was working in South Lyon anyway. Chief Vogel stated he wasn't called in, he saw an issue that he misunderstood and tried to address it, but the tone was the problem. He stated the impression he lives here and saw something he thought was unsafe social distancing. The business owner had no idea that even happened. Councilmember Kurtzweil asked why did he overstep our police department Chief Vogel stated the State has assured him he and Chief Sovik is in charge of our city and they are here to support us. Councilmember Kurtzweil stated our Fire Chief and Police Chief have done a great job. She stated she is shocked this happened and it is worse than she thought it was. Chief Vogel stated he was assured this will not happen again. Councilmember Richards stated citizens ask him who is the official tabulation keeper of confirmed cases of the infection. Chief Vogel stated he tracks his calls, but Oakland County Public Health track all the cases. There is a website that you can enter the zip code to get the totals, but when you punch in 48178, that includes the entire zip code, not just the City of South Lyon. Mayor Pelchat stated it is Oakgov.com then there is a link for zip code. Councilmember Dilg asked if he is having trouble getting masks. Chief Vogel stated he has plenty of masks, he is just afraid we may not be able to keep up with the demand once the City employees are making contact with the public again.

### POLICE CHIEF REPORT

Chief Sovik stated that unfortunately the Memorial Day Celebration has been cancelled. He stated is in the best interest of our veterans and everyone. He stated they are looking for something to do at a later time. He stated the May 27<sup>th</sup> Lake Street Cruise-in has been cancelled. He stated all 16 officers have been tested today in Novi and they should have results in 36 hours. Chief Sovik stated recently there were two individuals caught on camera breaking into cars and he posted the video and asked for help in identifying the two people. Chief Sovik said Sunday morning about 3:00 a.m. they received a call about two people checking car doors in the Oak Creek subdivision. He further stated Officer Jacobs was one of the first Officer on the scene and gave chase for about 200 yards before he caught one of the individuals. They were both identified, both local residents, a 15-year-old and 18-year-old. He stated they later found out they were responsible for other incidents and they have both been charged. Chief Sovik stated he received a message on Facebook regarding the social distancing. He stated the message was asking where South Lyon stands on the matter of the local businesses being closed. Chief Sovik responded with the explanation that he gives the Officers the discretion of each situation and we enforce laws and uphold the constitution. He stated when dealing with executive orders, we do the same. He stated when it comes to enforcing the order, we are about compliance and we explain the order and what the violation of that order is. He stated we have entered into uncharted waters and people are hurting mentally and financially. He further stated we have an opportunity to deal with people on a human level and not to be heavy handed. Chief Sovik stated we have not issued any citations for violators, but if we are forced to issue any citations, we will. He stated we want to work with our community and at this time we think that is the best approach. Councilmember Walton stated she worked with the chair for the Memorial Day Parade and she then read a statement. To all the branches of service, we thank you for all your bravery and sacrifice and the example you set for all of us. We truly appreciate you and so it is with a heavy heart that the members of the VFW, American Legion and the City of South Lyon have decided to delay the Memorial Day Parade and the service at the South Lyon Cemetery. She stated we are asking the residents to do some of the following things, decorate your windows, front doors and observe a moment of silence on Memorial Day. She stated they are working on a video to be played on the cable channel to recognize all the veterans we have lost. She stated discuss the history of Memorial Day as you are doing the home schooling.

PRESENTATION OF WATER/SEWER RATE ANALYSIS BY PLANTE MORAN- see PowerPoint presentation attached.

City Manager Zelenak stated we have Brian Camiller from Plante Moran to discuss the water and sewer rate analysis that was provided to Councilmembers a few weeks ago. Mr. Camiller stated this is the second model Plante Moran has done for the City. He stated the last one was probably 10 years ago. The idea is the same, although we are recommending a change. He stated the models are excel files. The calculation is algebra. As long as you have the components of the cost, you can find the rate to charge to gain enough cash to pay the employees, replace infrastructure and the everyday running of the plants. He stated this is a 10-year model. Mr. Camiller stated we need to ensure we are charging a fair rate, providing enough cash for recommendations from engineers and we want to make sure we can pay for bills and improvements and we maintain enough cash. He stated we can spread the cost of the significant improvements over a period of time which will help keep the rates down. He stated this model is on a cash needs basis. He further stated we are changing the methodology that you bill. He stated there is a current component we need to get away from which is the minimum usage fee. He stated we can get to that same point but we are introducing a readiness to serve charge. Before you turn on your faucet, there are costs that are incurred. Mr. Camiller stated there are four buckets, the water purchase/sewer treatment, capital outlay, debt service and internal operations. He stated the effort regardless of the usage

is the same. We will pay a portion of that cost with the elimination of the minimum usage rate. He further stated you can't raise water rates to pay for anything other than the cost of water and sewage treatment. He stated the user fee must be for the cost of usage, not a minimum fee. He further stated we take the total cost pool and minus the flat fee which equals costs to be recovered through variable rates. He stated the cost to be recovered is divided by the units sold which equals the variable charge to the customers. He stated if you have big dollar capital costs, the rate will spike. The next year may drop, which could drop a lot of chaos. He stated we need to spread the increase over time. Which will need to be looked at each year. He stated we want to make the rate steady, not go up and down. We want an annual increase, at the same time of year. He stated every other year our bills go up. People will accept a 3 or 4 or 5% raise if they understand the reason. Mr. Camiller stated we need to have enough money in the bank to pay our bills. The city is a quarterly billing cycle. 120 days of working capital to fund payments. The city also has to have money for debt service payments. He stated the city also has to have the emergency capital replacement fund when something breaks and the way you calculate that is to have 5% of the netbook value of capital assets. He further stated the City has to have money for the capital replacement plan. Further discussion was held regarding the rate increase.

#### NEW BUSINESS

##### 1. Award of bid to install Storm Sewer at DPW Complex

City Manager Zelenak stated as part of our efforts to improve the working conditions and to preserve the longevity of the equipment at DPW, we have gone out for bid for storm sewer improvements at the DPW yard. Included is Phase 1 to put a detention basin and storm sewers in at the yard to better facilitate the drainage and protect the equipment. Also included in Phase 2 for the concrete paving which may be awarded at a later date through a change order. Councilmember Kivell stated we have had conversations about having some optic problems if we can't fix a road, but we can pave the DPW parking lot. He further stated if we prolong the paving portion, and we have them do the underground work, then we are sitting and waiting to see if we want to pave. He stated he doesn't know by having a change order would change instead of having it rebid. Mr. Darga of HRC stated if we just have a rebid on the concrete next summer, the difference would be the cost of doing the rebid and the cost of the job could go up. He further stated in talking with the City Manager, they think a change order would be changing it to new gravel and some concrete as opposed to the entire parking lot. Councilmember Kennedy stated he discussed this with the City Manager. He further stated if we rebid this the following year, we aren't going to have Stante come back and put the immobilization charge in there for the second phase. Mr. Darga stated they bid it based on having their equipment out there once, if we spread it out to two years, it could be a difference of \$5,000 to \$8,000. Councilmember Kennedy stated if they do the drainage work, then roll right into the paving, even if we do a smaller portion of the paving for next year, he doesn't expect the City to pay the immobilization fee again the following year. Mr. Darga stated they would be entitled to a portion of it if spread out to another year. City Manager Zelenak stated if we bid these out separate, they could have mobilization fees more than once. He further stated they give us the best option as getting the storm work done, then we look at the economy and decide if we move forward with the paving or not.

#### CM 5-4-20 MOTION TO APPROVE AWARD OF BID

Motion by Kennedy, supported by Walton

Motion to approve the award of the bid to Stante Excavating out of Wixom, to complete Phase I of the bid at an amount not to exceed \$176,985.10 from the Capital Improvement Fund, account number 101-451-802-500

ROL CALL VOTE:

Dilg- Yes  
Kennedy- Yes  
Kivell- Yes  
Kurtzweil- Yes  
Richards- Yes  
Walton- Yes  
Pelchat- Yes

MOTION CARRIED UNANIMOSLY

2. Purchase and installation of a new Borger PL200 Series Primary Sludge pump for sludge transfer process to include two additional pumps to be installed at a later date.

City Manager Zelenak stated the wastewater treatment plant needs to replace a primary sludge transfer pump. This is a scheduled purchase for this year's budget. The wastewater plant is looking at options to change from a piston pump for this year's budget to a rotary lobe design. The change will make it much easier to maintain the pump and allow for better performance and efficiency. This expenditure can be purchased out of the Capital Improvement account 592-557-970. Superintendent Varney stated this is a 3 for 1 scenario. We are getting 3 pumps for the price of one, and the other 2 will be kept until needed in the future. Councilmember Kennedy stated he has discussed this with Doug and there are some benefits for using this vendor. He further stated they want to work with us to do additional sales down the road, so they are offering 3 for the price of 1. They are including a set of replacement internals; the specialized tools and they have the ability to stage the receipt of those pumps which extends the warranty. Superintendent Varney stated he is very familiar with the pumps and it implements this type of technology. Councilmember Kurtzweil asked what is the disadvantage of using a piston pump versus a rotary pump. Superintendent Varney stated the flow rate is not an issue, it is the design of the pump that is the big difference. He further stated when the pumps we have now run, they are very loud and they are going to self-destruct at one point because of the way they run. He further stated the rotary will have a much longer lifetime of use.

CM 5-5-20 MOTION TO APPROVE PURCHASE OF BORGER PL200

Motion by Kennedy, supported by Kivell

Motion to approve the purchase of (3) Borger PL200 Sludge Transfer Pumps with a spare set of replacement lobes, including installation for one pump for wastewater treatment plant for \$31,980.00 under line item 592-557-970

ROLL CALL VOTE:

Richards- Yes  
Walton- Yes  
Kurtzweil- Yes  
Dilg- Yes  
Kennedy- Yes  
Kivell- Yes  
Pelchat- Yes

MOTION CARRIED UNANIMOUSLY

3. Purchase of a new recirculation pump for the Actiflow process at the WWTP that serves as a high rate clarifier for tertiary treatment

Superintendent Varney stated this is for a failed recirculation pump. He stated this item is proprietary so the bid process would not benefit the city.

#### CM 5-6-20 MOTION TO WAIVE BID PROCESS

Motion by Kivell, supported by Walton

Motion to waive Sec 2-224 of the City of South Lyon Code of Ordinances, "approval for purchases or contracts over \$2,000: competitive bidding over \$5,000 because no advantage to the city will result.

ROLL CALL VOTE:

Kurtzweil- Yes

Dilg- Yes

Kivell- Yes

Kennedy- Yes

Walton- Yes

Richards- Yes

Pelchat- Yes

MOTION CARRIED UNANIMOUSLY

#### CM 5-7-20 MOTION TO APPROVE PURCHASE

Motion by Kivell, supported by Walton

Motion to purchase of a new recirculation pump for the Actiflow System at the wastewater treatment plant for \$11,019.87 under line item 592-557-970

ROLL CALL VOTE:

Kivell- Yes

Kurtzweil- Yes

Kennedy- Yes

Richards- Yes

Walton- Yes

Dilg- Yes

Pelchat- Yes

MOTION CARRIED UNANIMOUSLY

#### PROPOSED BUDGET 2020-2021

City Manager Zelenak stated the changes were made since the budget workshop. He stated there were several changes made, such as changes in Act 51 revenue, updated the water and sewer revenue based on the water and sewer rate analysis and additional amount put aside for the 2 shredding events we had at the library. We added \$4,500 for the testing we had to have to sell the 2 buildings on City properties. He then stated there was an additional \$15,000 added for grading and seeding at the South Lyon Cemetery. He further stated they are expecting more information later this week about any direction on where we think the revenue sharing numbers will be. Councilmember Kurtzweil stated her first concern is the intergovernmental revenues. The State is projecting a 4-billion-dollar deficit. They have already started laying people off, as well as some other cities have done the same. She then stated the prior budget didn't have interest income, but this budget does. Finance and Benefit Administrator Tiernan stated that was an omission from the first budget, she was still working on what the rates will be, she stated this is for multiple accounts so she will have to pull those numbers and get that to her. Councilmember Kurtzweil asked how the line item for fringe benefits dropped down \$18,000. Finance and Benefit Administrator

Tiernan stated that was a formula error that she and Chief Sovik found. She stated there were longevity payments included in that line item that should have been placed under wages and salaries. Councilmember Kurtzweil then asked about the Major Street fund and in the beginning of the year it shows revenues of 3 million. Finance Benefit Administrator Tiernan stated she will correct that because that included what was projected at the time. Councilmember Kurtzweil stated when you minus the expenditures, that is how you get your final balance. She then stated the stated shared weight and gas tax shows an increase. Finance Benefit Administrator Tiernan stated they dropped that number based on what the state is telling communities. Councilmember Kurtzweil asked about the local street fund, and the revenue page shows the total revenue is 355. Finance Benefit Administrator Tiernan stated that included the fund balance and we will remove that. Councilmember Kurtzweil asked about the \$93,000 for the safe routes to school program. She asked if we have in writing that the Schools and Lyon Township are on board with this. City Manager Zelenak stated he does not. This is based on previous conversations he had with them. Councilmember Kurtzweil stated she doesn't think they will have money in their budget for this. City Manager Zelenak stated he had discussions with them and we have to start somewhere. City Manager Zelenak stated we won't spend the money if Lyon Township and the school doesn't want to participate. Further discussion was held regarding the Safe Routes to School program and possible budget cuts for the schools and Lyon Township. Councilmember Kennedy stated he has discussed the budget with the City Manager and the money will not be spent as soon as July 1 hits. Councilmember Kurtzweil stated no one has explained to her that we are going to keep employees employed, she doesn't know his plan and she hopes someone is thinking about this. City Manager Zelenak stated we won't be spending dollars without further scrutiny. We will bring back information based on the revenue sharing estimates we will be getting. He stated the numbers for Act 51 was based on receipts the State already has. He further stated there are so many unknowns right now. He further stated in the end everything will come before City Council for any purchases.

BUDGET- None

#### MANAGER'S REPORT

City Manager Zelenak stated we are preparing for when the State releases the Stay at Home Order and how we plan on opening up our City offices. We will have safety measures in place. We are already assessing the ordering of posting safety measures and signage and etc. City Manager Zelenak stated we are moving forward with the removal of asbestos for the two buildings we will have demolished. City Manager Zelenak stated we discussed the Charter revisions and we need to look at how we want to go about that. City Manager Zelenak stated the State extended the ability for Council to hold virtual meetings until June 30<sup>th</sup>. Councilmember Richards asked if the City is going to allow the City-wide garage sale weekend. City Manager Zelenak stated we are looking at each event as we move forward, we don't want to announce dates, then have to cancel them. Councilmember Richards asked if there is a target date for the gardens in the Cemetery. City Manager Zelenak stated we are currently looking into that, we are trying to avoid large gatherings, and we have had some cold weather recently, it is ever changing. Councilmember Kurtzweil asked if the City Manager has had time to look at the Capital Improvement Plan. City Manager Zelenak stated he has said from day 1 that the City needs a Capital Improvement Plan. Councilmember Kurtzweil stated because there is a statute it needs to become a priority as opposed to someone working on it in their spare time because we are not in compliance plan. City Manager Zelenak stated he has been working on components of this along with Carol. It is difficult because we have our normal workload on top of working on this, Covid, and we are starting from square one.



## PUBLIC COMMENT

Amber King of 791 Westbrook stated she appreciates Chief Sovik and the work the Police Department did catching the people that were breaking into cars. Ms. King stated there was discussion about the people that would be benefiting is the single, couples or the people in Colonial Acres with the 18% decrease in the first year. That seems like a lot and she asked if possible, they can look at 15% or something a little lower. Ms. King then thanked Council and the employees at City Hall for doing all they do; she knows this is a difficult time. She offered her help with the business survey if needed.

## COUNCIL COMMENTS

Councilmember Walton stated she wanted to remind everyone that tomorrow the 127 wing National Guard will be flying over 8 Michigan cities to honor our front-line health care workers. She also reminded everyone the Blue Angels will also be doing flyovers. She then stated Active Faith distributes food every Monday, Wednesday and Thursday from 11:00 to 4:30 if anyone is in need. Councilmember Walton stated the marine plaque has been added to the Veterans Memorial in McHattie Park and she thanked to the family that donated it. Councilmember Richards stated if there is any legal way to have questions on the August ballot for our citizens if they would like to vote on several issues in the November Election. He thinks there are 5 or 6 issues that needs to be voted on. Councilmember Richards stated he has been in contact with one of the top officers of the Health and Community Services and she is willing to come to South Lyon to give a presentation of the services they have and to answer any questions for our seniors. Councilmember Richards stated the Rose Excavating Company is back to work this week. He then stated Alexanders Restaurant is moving forward with their projects. He then stated he hopes people will keep some of the stimulus money and use it to benefit other people in other ways. Councilmember Richards stated he is happy the legal bills have dropped in the last few months.

Councilmember Kennedy stated he wants to remind everyone of the importance of social distancing and of wearing a mask where required to inhibit the spread of the virus. He then stated our 9-county area in the southeast corner of the state currently accounts for about 77% of the recorded cases of COVID-19 and 89% of the recorded deaths. He then stated as you know, the rate of infection has slowed and we are flattening the curve according to the medical experts. That does not mean the virus has gone away. It merely means the incidence of infection is within a range that doesn't outstrip the capacity of the hospitals and medical centers to deal with it. Councilmember Kennedy stated we still have a way to go in dealing with it. Just another reminder to complete your 2020 Census. We are currently at a response rate of 78.3%. In the 2010 Census we had an overall response rate of 86%. We still have a large number of residents to be counted. Under the current situation, we can't rely on canvassers from the Census Bureau to visit the houses of those who don't reply to get their information. As such, it is essential that everyone take responsibility for being counted in the census and complete your census questionnaire. Visit the website: [my2020census.gov](http://my2020census.gov) or call 844.468.2020 to do your part.

Councilmember Kurtzweil stated she has been working with businesses all over the state, some in the Midwest and also with some farmers about some aid that is coming from Washington. She has had the opportunity to speak with many businesses and this includes businesses in our state and our City. It is clear every day that our economy isn't open is another day another business will close its door for good. That is happening and will continue to happen. We need to understand families are suffering, the loss of income and that loss frankly leads to a loss of food, health care, and opportunity for a decent life. We

need to get back to work. Councilmember Kurtzweil stated we need to get people back into their jobs. On top of Covid-19 there is something called despair deaths which is when people die from alcohol addiction and suicide. We need to walk that fine line and unfortunately learn to deal with it. We need to wear our masks, social distancing, wash our hands and be smart about who we are around. She then stated the most important thing she wants to say is she has been working with businesses with respect to their protocol on how they will reopen. She is asking people in the community to respect the businesses, and business owners and the protocols they are going to be doing for their health and yours. She stated if you can't control yourself, stay home.

Councilmember Dilg stated she agrees with Councilmember Kurtzweil's comments about how businesses are going to open up is very important and for everyone to support your local businesses. She further stated they are really being creative about keeping their funds flowing. She stated one of the things is the crowd funding. She stated you can find that on the DDA Facebook page. She stated even if you can give \$10.00 would be great, all that money will be matched. She stated different groups go to the businesses for sponsors, and donations and such, and now they need us. Councilmember Dilg stated she hopes everyone had a great Mother's Day and she has seen many different celebrations and she appreciates how everyone is trying to social distance, but still see each other. She then stated she loves the idea Councilmember Walton mentioned about door decorating contests for Memorial Day, kids doing drawing on sidewalks with sidewalk chalks, thing like that would be great.

Councilmember Kivell stated the support downtown South Lyon is a cool thing. The website is [www.patronicity.com](http://www.patronicity.com) He stated there have already been 33 people donated and there are 13 days left. He further stated the other aspect is there are many businesses not in the downtown and he would like to see some way we can try to help them as well.

Mayor Pelchat stated the VFW and the American Legion, Cable Commission and local communities are working on something for Memorial Day. He stated if anyone knows a veteran that has passed in the last year, please contact Dayna Johnston or Phillips Funeral Home so they can be honored. The deadline is this Friday. Mayor Pelchat stated he has been getting calls from small businesses looking for PPE for their customers and employees. He stated the County is working on that currently. Mayor Pelchat stated you can't thank the first responders and essential workers enough. He then thanked everyone.

#### ADJOURNMENT

#### CM 5-8-20 MOTION TO ADJOURN

Motion by Kurtzweil, supported by Kennedy

Motion to adjourn at 10:29 p.m.

VOTE: MOTION CARRIED UNANIMOUSLY

Respectfully submitted,

\_\_\_\_\_  
Mayor Dan Pelchat

\_\_\_\_\_  
City Clerk/Treasurer Lisa Deaton



# CITY OF SOUTH LYON

## PROCLAMATION

### National Gun Violence Awareness Day

This proclamation declares the first Friday in June to be National Gun Violence Awareness Day in South Lyon, Michigan to honor and remember all victims and survivors of gun violence and to declare that we, as a country, must do more to reduce gun violence.

WHEREAS, every day, 100+ Americans are killed by gun violence and on average, there are nearly 13,000-gun homicides every year; and

WHEREAS, Americans are 25 times more likely to be killed with guns than people in other high-income countries; and

WHEREAS, protecting safety in the communities they serve is mayors' highest responsibility; and

WHEREAS, support for the Second Amendment rights of law-abiding citizens goes hand-in-hand with keeping guns away from people with dangerous histories; and

WHEREAS, mayors and law enforcement officers know their communities best, are the most familiar with local criminal activity and how to address it, and are best positioned to understand how to keep their citizens safe; and

WHEREAS, by wearing orange on June 5, 2020, Americans will raise awareness about gun violence and honor the lives of gun violence victims and survivors; and

**NOW, THEREFORE, BE IT RESOLVED**, that I, Daniel L. Pelchat, Mayor of South Lyon, County of Oakland, State of Michigan, do hereby proclaim Friday, June 5, 2020 to be National Gun Violence Awareness Day in the City of South Lyon. I encourage all citizens to support their local communities' efforts to prevent the tragic effects of gun violence and to honor and value human lives.

#### Mayor

Daniel L. Pelchat

#### Council Members

Mary Parisien

Glenn Kivell

Rose Walton

Margaret J. Kurtzweil

Stephen Kennedy

Carl Richards

#### City Manager

Paul Zelenak

#### Clerk/Treasurer

Lisa Deaton

335 S Warren

South Lyon, MI 48178

Phone: 248-437-1735

Fax: 248-486-0049

[www.southlyonmi.org](http://www.southlyonmi.org)

  
Daniel L. Pelchat, Mayor

5/26/2020  
Date

# AGENDA NOTE

Old Business Item #1

**MEETING DATE:** May 26, 2020

**PERSON PLACING ITEM ON AGENDA:** City Manager

**AGENDA TOPIC:** 2020-2021 Budget Approval

**EXPLANATION OF TOPIC:** All of you have received the proposed 2020-2021 Budget document. At tonight's meeting we will hold the Public Hearing for the budget. After the Public Hearing, you will consider the approval of the Millage Rate Resolution. And also consider the approval of the 2020-2021 Budget Resolution.

**MATERIALS ATTACHED AS SUPPORTING DOCUMENTS:** Millage Rate Resolution, and Annual Budget Resolution.

**POSSIBLE COURSES OF ACTION:** To hold the Public Hearing on the 2020-2021 Budget. Then (under two separate motions) approve / not approve the Millage Rate Resolution, and the Budget Resolution.

**SUGGESTED MOTION(s):** Motion by \_\_\_\_\_, supported by \_\_\_\_\_ to approve the Millage Rate Resolution.

Motion by \_\_\_\_\_, supported by \_\_\_\_\_ to approve the Annual Budget Resolution.



Mayor

Daniel L. Pelchat

Council Members

Lisa Dilg

Stephen Kennedy

Glenn Kivell

Margaret J. Kurtzweil

Carl W. Richards

Rose Walton

City Manager

Paul C. Zelenak

Clerk/Treasurer

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[www.southlyonmi.org](http://www.southlyonmi.org)

# CITY OF SOUTH LYON

The following resolution was offered by \_\_\_\_\_, and supported by \_\_\_\_\_

WHEREAS, on May 26, 2020 the City Manager submitted to City Council a proposed budget for the fiscal year July 1, 2020 through June 30, 2021, and

WHEREAS, the City Council has received the proposed budget contained herein and has discussed and reviewed same.

NOW, THEREFORE, BE IT RESOLVED, the City Council hereby adopts the 2020-2021 fiscal budget as shown in the budget document on the Summary page, and detailed on the following pages, with expenditures in the total amount of \$6,678,099.

BE IT FURTHER RESOLVED, that the City Council hereby adopts the following proposed budget or estimates for the following operations as set forth below.

**Fund No.**

Major Street Operation	202
Local Street Operation	203
Community Development Block Grant	274
Combined Water/Sewer Operation	592
Equipment Replacement Fund	641
Capital Improvement Fund	401
Land Acquisition	509
Downtown Development Authority	280

**General Debt Service**

2003 G.W. WW Treatment/Bond G.O.	307
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BE IT FURTHER RESOLVED that the City Manager is authorized to advertise for bids, or authorize at the appropriate time for contractual services, commodity purchases and/or capital expenditures throughout the fiscal year in accordance with the enclosed budget document and all applicable City ordinance policies or procedures in effect.

BE IT FURTHER RESOLVED, that pursuant to the Uniform Budgeting and Account Act, Section 19 (2), the City Manager may make transfers within a fund and activity if the amount to be transferred does not exceed 10% or \$25,000, whichever is greater, of the appropriation item for which the transfer is to be made, with prior notification to the City Council.

VOTE: Roll Call: Ayes –  
Nays –

\_\_\_\_\_  
Daniel L. Pelchat, Mayor

\_\_\_\_\_  
Lisa Deaton, City Clerk



Mayor

Daniel L. Pelchat

Council Members

Lisa Dilg

Stephen Kennedy

Glenn Kivell

Margaret J. Kurtzweil

Carl W. Richards

Rose Walton

City Manager

Paul C. Zelenak

Clerk/Treasurer

Lisa Deaton

335 S Warren

South Lyon, MI 48178

Phone: 248-437-1735

Fax: 248-486-0049

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# CITY OF SOUTH LYON

The following resolution was offered by \_\_\_\_\_, and supported by \_\_\_\_\_

RESOLVED, that the City Clerk certify to the City Assessor for spreading on the Assessment Roll of the City of South Lyon for the year 2020-2021, the following amounts, based on taxable value \$399,130,480.

1. At the rate of 11.4938 mills per \$1,000 of valuation for General Fund Operation
2. At the rate of 3.0000 mills per \$1,000 of valuation for Wastewater General Obligation Bonds for wastewater treatment (2002)
3. At the rate of 1.000 mills per \$1,000 of valuation for Capital Improvement Fund

RESOLVED FURTHER, that due to the May 2, 1984 election whereby the Library became a free standing and District Library for all purposes including the levy of 1.4369 and the overall levy for the City will be 16.9307 mills, of which 15.4938 mills will be used for City operation and debt.

RESOLVED FURTHER, that after spreading on the Assessment Roll, the amounts as required to be raised by the general ad valorem tax, the Assessor certify and deliver the same to the City Treasurer, and the City Clerk be authorized to attach her warrant thereto, directing and requiring the City Treasurer to collect the same as provided by the City Charter.

RESOLVED FURTHER, that all installments reported to the City Treasurer as delinquent on Special Assessments and other charges, together with interest due thereon, as provided in Section 7.17 of the City Charter; unpaid charges for water consumption and water tap installation, as provided in Chapter 24 of the South Lyon City Code be assessed against the properties benefited and included in the 2020 Tax Roll.

RESOLVED FURTHER, that the millage for the entire fiscal year 2020-2021 budget not to exceed 15.4938 mills.

MOTION To approve the 2020-2021 proposed budget

VOTE: Roll Call: Ayes –  
Nays –

\_\_\_\_\_ Daniel L. Pelchat, Jr., Mayor

\_\_\_\_\_ Lisa Deaton, City Clerk

Certificate of Adoption

I hereby certify that the foregoing is a true and complete copy of the resolution adopted at the regular meeting of the South Lyon City Council held on the 26th day of May, 2020.

\_\_\_\_\_ Lisa Deaton, City Clerk

<b>101 GENERAL FUND REVENUES</b>							
<b>Revenue</b>	<b>Description</b>	<b>Audited 2018-2019</b>	<b>Proposed 2019-2020</b>	<b>Amended 2019-2020</b>	<b>Proposed 2020-2021</b>	<b>Proposed 2021-2022</b>	<b>Proposed 2022-2023</b>
	<b>TAXES</b>						
402	Current Property Tax	4,126,534	4,323,553	4,323,553	<b>4,574,926</b>	4,666,425	4,759,753
423	Mobile Home Park	1,065	1,100	1,100	<b>1,100</b>	1,122	1,144
444	Service fee in lieu of taxes	-	500	500	<b>500</b>	510	520
446	Penalties and interest	8,654	10,500	10,500	<b>11,000</b>	11,220	11,444
	<b>Total</b>	<b>4,136,253</b>	<b>4,335,653</b>	<b>4,335,653</b>	<b>4,587,526</b>	<b>4,679,277</b>	<b>4,772,862</b>
	<b>LICENSES &amp; PERMITS</b>						
451	Building Permits	389,099	240,000	240,000	<b>240,000</b>	244,800	249,696
452	Plumbing and Mechanical Permits	34,350	25,000	25,000	<b>25,000</b>	25,500	26,010
453	Electrical Permits	40,547	30,000	30,000	<b>30,000</b>	30,600	31,212
454	Licenses & Business Permits	3,658	3,500	3,500	<b>3,500</b>	3,570	3,641
	<b>Total</b>	<b>467,654</b>	<b>298,500</b>	<b>298,500</b>	<b>298,500</b>	<b>304,470</b>	<b>310,559</b>
	<b>INTERGOVERNMENTAL REVENUES</b>						
570	State Shared Revenues	1,035,122	1,070,622	1,070,622	<b>971,411</b>	971,411	971,411
570-1	State Shared Rev-Comm. Stabilization	183,423	98,000	98,000	<b>100,593</b>	102,605	104,657
571	Federal Grant						
	<b>Total</b>	<b>1,218,545</b>	<b>1,168,622</b>	<b>1,168,622</b>	<b>1,072,004</b>	<b>1,074,016</b>	<b>1,076,068</b>
	<b>CHARGES FOR SERVICES</b>						
600	Board of Appeals	900					
600.1	Rezoning Fees	350					
630	Property Tax Admin Fees	96,491	93,000	93,000	<b>98,000</b>	100,450	102,961
634	Grave Openings & Foundations	40,160	40,000	40,000	<b>40,000</b>	41,000	42,025
635	W & S Administration						
668.4	Property Rentals	2,610					
668-3	Lease-Antenna	44,823	42,000	42,000	<b>42,000</b>	43,050	44,126
668-2	Property Rental-Cable	125,951	155,000	155,000	<b>155,000</b>	158,875	162,847
	<b>Total</b>	<b>311,285</b>	<b>330,000</b>	<b>330,000</b>	<b>335,000</b>	<b>343,375</b>	<b>351,959</b>
	<b>FINES &amp; FORFEITURES</b>						
661	Parking Violations	615	800	800	<b>800</b>	820	841
662	Local Court Fines	25,938	30,000	30,000	<b>30,000</b>	30,750	31,519
	<b>Total</b>	<b>26,553</b>	<b>30,800</b>	<b>30,800</b>	<b>30,800</b>	<b>31,570</b>	<b>32,359</b>
	<b>MISCELLANEOUS REVENUES</b>						
642	Police Miscellaneous	33,518	35,000	35,000	<b>40,000</b>	40,800	41,616
664	Interest Income	30,741	15,000	15,000	<b>20,500</b>	20,910	21,328
669-209	Contribution-Perpetual Care	42,851	50,000	50,000	<b>50,000</b>	51,000	52,020
675.2	Contribution - Winter Events	900	4,000	4,000	<b>4,000</b>		
675.6	Donations to Cultural Arts Comm.	-	300	300	<b>300</b>	306	312
675.8	Contribution - Veterans Memorial Project	-	0	6,300	<b>11,000</b>	5,000	5,000
676.005	Contribution - Parks & Rec	200	0	0	<b>0</b>	0	0
692	Grant Money - Other	1,000	0	0	<b>10,000</b>	10,000	10,000
694.3	Payment of Sidewalk by Residential	-	5,000	5,000	<b>5,000</b>	5,100	5,202
698	Miscellaneous	80,953	65,000	65,000	<b>70,000</b>	71,400	72,828
698.1	Fire Miscellaneous	2,020			<b>4,700</b>		
698.2	Prior Year's Property Tax	10,756	5,800	5,800	<b>5,800</b>	5,916	6,034
698.21	Wedding Proceeds	5,950	4,000	4,000	<b>3,000</b>	3,060	3,121
698.22	MMRMA Dividends	66,192	50,000	50,000	<b>60,000</b>	61,200	62,424
698.23	SMART Credits	6,577	13,000	13,000	<b>20,000</b>	20,400	20,808
698.6	Grant Monies - Fire Dept.	-	5,000	8,799	<b>203,000</b>	207,060	211,201
698.8	Grant Monies - Police Dept.	-	5,000	5,000	<b>5,000</b>	5,100	5,202
698.9	Grant Monies - Cultural Arts	1,739	4,000	4,000	<b>4,000</b>	4,080	4,162
673	Sale of Fixed Assets		10,000	10,000	<b>50,000</b>	51,000	52,020
	<b>Total</b>	<b>283,396</b>	<b>271,100</b>	<b>281,199</b>	<b>566,300</b>	<b>562,332</b>	<b>573,279</b>

	<b>TOTAL REVENUES</b>	6,443,685	6,434,675	6,444,773	<b>6,890,129</b>	6,995,039	7,117,087
	<b>BEGINNING FUND BALANCE</b>	3,273,879	3,947,630	3,947,630	<b>3,714,306</b>	3,926,336	4,375,398
	<b>TOTAL REVENUES</b>	9,717,564	10,382,305	10,392,403	<b>10,604,435</b>	10,921,375	11,492,485
	<b>TOTAL EXPENDITURES</b>	5,769,936	6,678,098	6,678,098	<b>6,678,099</b>	6,545,977	6,702,886
	<b>ENDING FUND BALANCE</b>	3,947,630	3,704,208	3,714,306	<b>3,926,336</b>	4,375,398	4,789,598
Printed:	5/19/2020						



**FY 2020-2021 Proposed Budget**

GL Line Item	GL Name	Original Budget			Budgeted Based on	
		Submitted on		4/7/2020	State of Michigan	
					Reduction	5/15/2020
						Reduction
	Constitutional State					
101-000.000-570.000	Shared Revenue	\$	1,031,560.00	\$	911,779.00	\$ (119,781.00)
101-000.000-570.000	CVTRS	\$	59,632.00	\$	59,632.00	\$ -
	Total Revenue Line	\$	<b>1,091,192.00</b>	\$	<b>971,411.00</b>	\$ <b>(119,781.00)</b> 10.98% reduction
101-000.000-570.100	LCSA	\$	<b>113,000.00</b>	\$	<b>100,593.00</b>	\$ <b>(12,407.00)</b> 10.98% reduction
	Total State Shared					
	Revenues	\$	<b>1,204,192.00</b>	\$	<b>1,072,004.00</b>	\$ <b>(132,188.00)</b> 10.98% reduction

**FY 2019-2020 Budget**

GL Line Item	GL Name	FY19-20 Budget	Actual Payments through February 2020	Projected Budgeted Based on State of Michigan Reduction	Reduction
	Constitutional State				
101-000.000-570.000	Shared Revenue	\$ 1,012,444	\$ 692,316	\$ 957,022	\$ (55,422)
101-000.000-570.000	CVTRS	\$ 58,178	\$ 38,784	\$ 58,178	\$ -
	Total Revenue Line	<u>\$ 1,070,622</u>	<u>\$ 731,100</u>	<u>\$ 1,015,200</u>	<u>\$ (55,422) 5.18% decrease</u>
101-000.000-570.100	LCSA	\$ 98,000	\$ 113,239	\$ 113,239	\$ -
	Total State Shared Revenues	<u>\$ 1,168,622</u>	<u>\$ 844,339</u>	<u>\$ 1,128,439</u>	<u>\$ (40,183) *3.4% decrease</u>

\*overall decrease reduced to 3.4% due to October 2019 LCSA distribution

<b>MILLAGE &amp; ASSESSED</b>					
<b>VALUATION COMPARISON</b>					
	<b>Actual</b>	<b>Budgeted</b>	<b>Proposed</b>	<b>Proposed</b>	<b>Proposed</b>
	<b>2018-2019</b>	<b>2019-2020</b>	<b>2020-2021</b>	<b>2021-2022</b>	<b>2022-2023</b>
General Fund Operation	11.4938	11.4938	<b>11.4938</b>	11.4938	11.4938
Debt Service - Sewer G.O.	3.0000	3.0000	<b>3.0000</b>	3.0000	3.0000
Capital Improvement	0.5000	1.0000	<b>1.0000</b>	1.0000	1.0000
Bldg. Auth.-Land Acq.	0.2400				
<b>TOTAL</b>	<b>15.2338</b>	<b>15.4938</b>	<b>15.4938</b>	<b>15.4938</b>	<b>15.4938</b>
General Fund Operation	4,136,253	4,335,653	<b>4,587,526</b>	4,679,276	4,772,862
Debt Service - Sewer G.O.	1,080,407	1,131,650	<b>1,197,391</b>	1,221,339	1,245,766
Capital Improvement	180,068	377,217	<b>399,130</b>	407,113	415,255
Bldg. Auth.-Land Acq.	86,433	0	<b>0</b>	0	0
<b>TOTAL</b>	<b>5,483,161</b>	<b>5,844,520</b>	<b>6,184,048</b>	<b>6,307,729</b>	<b>6,433,883</b>
<b>STATE EQUALIZED VALUES/TAXABLE VALUES*</b>					
	<b>Actual</b>	<b>Proposed</b>	<b>Proposed</b>	<b>Proposed</b>	<b>Proposed</b>
	<b>2018-2019</b>	<b>2019-2020</b>	<b>2020-2021</b>	<b>2021-2022</b>	<b>2022-2023</b>
Residential	311,560,870	329,737,880	<b>348,844,580</b>	355,821,472	362,937,901
Commercial	32,560,490	33,459,050	<b>35,149,000</b>	35,851,980	36,569,020
Industrial	7,576,210	4,125,315	<b>9,274,930</b>	9,460,429	9,649,637
Personal	8,438,110	9,894,420	<b>5,861,970</b>	5,979,209	6,098,794
Development					
IFT					
CFT					
<b>TOTAL</b>	<b>360,135,680</b>	<b>377,216,665</b>	<b>399,130,480</b>	<b>407,113,090</b>	<b>415,255,351</b>
Printed: 5/19/2020					

<b>101-200 GENERAL FUND OPERATION</b>							
<b>ADMINISTRATION</b>							
		Audited	Proposed	Amended	Proposed	Proposed	Proposed
<b>Expenditure</b>	<b>Description</b>	<b>2018-2019</b>	<b>2019-2020</b>	<b>2019-2020</b>	<b>2020-2021</b>	<b>2021-2022</b>	<b>2022-2023</b>
702	Wages/Salaries	340,040	357,654	357,654	<b>353,677</b>	362,519	371,582
715-720	Fringe Benefits	148,076	154,330	154,330	<b>162,620</b>	166,685	170,852
725	OPEB Retiree Health Care Trust				<b>12,600</b>	12,600	12,600
727	Office Supplies	5,134	5,000	5,000	<b>5,000</b>	5,125	5,253
740	Operating Expense	41,963	26,000	26,000	<b>27,000</b>	27,675	28,367
801	Professional Services	424,858	279,100	279,100	<b>279,650</b>	286,641	293,807
802	Contractual Services	114,151	97,983	97,983	<b>108,125</b>	110,828	113,599
807	Auditor	37,800	30,000	30,000	<b>35,000</b>	35,875	36,772
817	Planning Consultant	29,979	35,000	35,000	<b>40,000</b>	41,000	42,025
818	Elections	17,326	12,000	12,000	<b>28,000</b>	28,700	29,418
820	Computers	7,882	21,000	21,000	<b>21,000</b>	21,525	22,063
826	Legal Fees	125,163	130,200	130,200	<b>70,000</b>	71,750	73,544
830	Memberships & Dues	12,197	12,130	12,130	<b>12,780</b>	13,100	13,427
853	Telephone	7,520	8,000	8,000	<b>8,000</b>	8,200	8,405
861	Transportation & Mileage	3,181	8,000	8,000	<b>6,000</b>	6,150	6,304
863	Vehicle Maintenance	1,057					
880	Community Promotions	65,121	94,000	98,000	<b>94,000</b>	96,350	98,759
900	Printing	7,206	7,500	7,500	<b>7,500</b>	7,688	7,880
900-100	Publishing	3,223	15,000	15,000	<b>10,000</b>	10,250	10,506
910	Insurance & Bonds	55,390	55,000	55,000	<b>55,000</b>	56,375	57,784
920	Utilities	23,048	25,000	25,000	<b>25,000</b>	25,625	26,266
931	Building Maintenance	409	2,900	2,900	<b>2,900</b>	2,973	3,047
957	Education/Training	2,540	7,000	7,000	<b>7,000</b>	7,175	7,354
962	Miscellaneous Expense	1,341	1,000	1,000	<b>1,000</b>	1,025	1,051
969-200	Contribution-Solid Waste	18,960	17,700	17,700	<b>18,500</b>	18,963	19,437
969	Contribution-Comm. Schools--SRO	25000					
969-300	Contribution-Comm Schools--A/V Equip.	0	20,000	20,000	<b>0</b>	-	-
971-100	Beautification	10,011	6,000	6,000	<b>6,000</b>	6,150	6,304
974-100	Rental Properties		500	500	<b>0</b>	-	-
977	Equipment Miscellaneous		500	500	<b>500</b>	513	525
	<b>TOTAL</b>	<b>1,528,576</b>	<b>1,428,497</b>	<b>1,432,497</b>	<b>1,396,852</b>	<b>1,431,458</b>	<b>1,466,929</b>
Printed: 5/21/2020							

GENERAL FUND OPERATION							
SUMMARY OF EXPENDITURES							
Expenditure	Description	Audited 2018-2019	Proposed 2019-2020	Amended 2019-2020	Proposed 2020-2021	Proposed 2021-2022	Proposed 2022-2023
200	Administration	1,528,576	1,428,497	1,432,497	<b>1,396,852</b>	1,431,458	1,466,929
276	Cemetery	104,202	119,791	119,791	<b>115,124</b>	118,002	120,952
295	Public Transportation	85,289	81,554	81,554	<b>84,270</b>	86,377	88,536
300	Police	2,624,500	2,771,002	2,771,002	<b>2,850,948</b>	2,921,586	2,993,991
335	Fire	529,752	541,333	575,422	<b>915,169</b>	651,909	668,207
346	Ambulance	80	1,580	1,580	<b>4,580</b>	5,080	0
440	Public Works	715,885	916,292	916,292	<b>955,195</b>	977,979	1,001,845
690	Parks & Recreation	152,877	303,626	303,626	<b>297,267</b>	304,698	312,316
732	Historical	23,568	27,795	27,795	<b>36,420</b>	37,331	38,264
800	Cable	3,942	6,325	6,325	<b>8,975</b>	9,199	9,429
802	Cultural Arts	1,265	7,050	7,050	<b>5,800</b>	5,945	6,094
820	Veterans Memorial Project				<b>11,000</b>		
	<b>Totals</b>	<b>5,769,936</b>	<b>6,204,845</b>	<b>6,242,934</b>	<b>6,681,599</b>	<b>6,549,564</b>	<b>6,706,563</b>
Printed: 5/21/2020							

## **ADMINISTRATION**

### **702 – Wages/Salaries**

**\$353,677**

Administration includes the City Manager, City Clerk/Treasurer, Deputy Clerk/Treasurer, Finance & Benefit Administrator, Accounting Clerk, Building Part-time Code Enforcement Officer, Department Clerical and Economic Development Director. A portion of the City Manager, City Clerk/Treasurer, Deputy Clerk/Treasurer and Finance & Benefit Administrator wages are budgeted to Water & Sewer; as well as Major and Local Streets, for the time spent working for those departments.

### **715-720 – Fringe Benefits**

**\$162,620**

Fringe Benefits includes the cost of providing all full-time administrative employees with FICA, hospitalization, optical, dental and life insurance, retirement, disability, workers' compensation, unemployment and longevity.

### **725- OPEB Retiree Health Care Trust**

**\$12,600**

\$500 per month insurance payment toward retiree health care costs for one former administrative employee. \$1,000 per (6) active administrative employees funds placed into Trust to pay future retiree health care obligations. \$600 for 60% service split of Accounting/Utility Billing Clerk.

### **727 – Office Supplies**

**\$5,000**

Consumable office supplies such as paper, pens, staples, etc., are covered in this line item.

### **740 – Operating Expense**

**\$27,000**

Operating Expense covers all purchases such as postage, paper products, minor repairs, etc., for the general operation of City Hall. Included within the line item are expenditures for previous value changes based on State Tax Commission orders for various parcels. Also included are funds for various functions such as the City's annual volunteer recognition event.

### **801 – Professional Services**

**\$279,650**

Professional Services include, but are not limited to:

▪ Mailing and Tax Bill printing	\$2,400
▪ Web site hosting	\$3,950
▪ ADP Payroll Services	\$6,000
▪ Pay Local Taxes fees (Note: these funds are reimbursed)	\$500
▪ Videotaping of Council Meetings: The City currently pays \$75 per meeting for the video taping of every Council meeting. There are many residents who rely on this service to stay informed about what is happening in the community.	\$1,800
▪ SAFEbuilt	\$249,000
▪ Electrical Inspections	\$16,000
	<b>\$279,650</b>

**802 – Contractual Services****\$108,125**

Included in this line item are costs related to miscellaneous equipment contracts and service agreements. These include, but are not limited to:

▪ Copier lease and service	\$11,000
▪ Postage meter & mailing equipment rental: \$230.85 per month	\$2,780
▪ Computer Services Agreement & Remote Back-up	\$14,200
▪ Mechanical Equipment Maintenance Agreement	\$1,512
▪ BS&A	\$4,270
▪ Elevator Maintenance	\$1,725
▪ Oakland County Computers: BS&A Software for tax and special assessment system. The annual fee is the City's parcel count X \$ .14 per parcel plus a \$143 fee per connection (we currently have three).	\$1,821
▪ In August 2005, the City entered into an agreement for Assessing Services with Oakland County Equalization Division. Our current contract expires 6/30/2022 and calls for a payment of \$14.58 for each real property and \$11.94 for each personal property. The City currently has 3970 real properties and 368 personal properties. In addition, the City pays \$6 per unit at Colonial Acres which has approximately 840 units.	\$67,317
▪ GASB 75 Actuarial Valuation Report with PA 202 Uniform Assumptions Disclosure	3,500
	108,125

**807 – Auditor****\$35,000**

Each year, the City's auditing firm, Plante & Moran, conducts an audit of the basic financial statements in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States. Their fee is based on the time required to complete the work plus any related costs. Within the FY 2020-2021 budget, we are expecting to have a Single Audit conducted based on federal grant monies.

**817 – Planning Consultant****\$40,000**

The City contracts with CIB Planning. The monthly retainer is \$600; which includes office hours for in-house Planning Consultant and Zoning Administrator.

**818 – Elections****\$28,000**

The 2020 Election cycle will consist of an August Primary Election and a November General Election. Expenditures include ballot printing, programming of equipment, absentee applications, ballot mailing, election inspector pay, etc. We are also asking for an increase in pay for Inspectors. The current rate of pay for Inspectors is \$10 per hour and \$12 per hour for Chairpersons; we are asking that to be raised to \$12.00 per hour for Inspector and \$14.00 for Chairpersons. We are requesting additional funds for the purchase of 2 tabulators for an absentee counting board at a cost of \$5,500 each.

**820 – Computer****\$21,000**

Each year, we attempt to replace some of the older computer equipment. Within this budget year, we are budgeting to replace two of our oldest computers. This year we will be updating our server and installing new software/hardware for our email system.

**826 – Legal Professional Service****\$70,000**

The City Attorney's retainer and any additional legal costs are included in this line item.

**830 – Membership/Dues****\$12,780**

The City and its staff belong to various professional organizations. This includes, but is not limited to:

▪ Michigan Municipal League, whose fee is based on State Shared revenues	\$4,000
▪ Southeast Michigan Council of Governments	\$1,800
▪ Traffic Improvement Association	\$3,150
▪ Chamber of Commerce	\$345
▪ Munetrix (Dashboard)	\$2,985
▪ City Manager's associations, City Clerk and Treasurer's associations, etc.	\$500
	\$12,780

**853 – Telephone****\$8,000**

City Hall currently has six phone lines, one of which is specifically designated for water billing questions. This line item includes the cost for local and long distance calls on these six lines; as well as, cellular costs for the City Manager.

**861 – Transportation/Mileage****\$6,000**

Monthly car allowance for the City Manager at a rate of \$450 per month is budgeted here, as well as mileage reimbursement to employees and Council Members who use their own vehicles during the course of business. Mileage reimbursement is paid at the Federal Standard Mileage rate.

**880 – Community Promotions****\$94,000**

This line item provides for contributions to the following:

▪ Oakland County Probate Court/Oakland County Circuit Court – Family Division (Youth Assistance): Each year the City reviews and enters into an agreement with the South Lyon Area Youth Assistance for the support of services for the prevention of juvenile delinquency and neglect.	\$13,000
---	----------



<ul style="list-style-type: none"> <li>South Lyon Community Schools - Senior Citizen Activities: The communities of South Lyon, Lyon Township and Green Oak Township join to support activities for our senior community, including promotion of the programs through the mail at least three times per year. Free services include Medicare counseling, legal counseling, tax aid, monthly health screenings; as well as, special workshops and educational classes for city residents. Annually, the City enters into an agreement with the South Lyon Schools to provide these programs and services for the fiscal year. Contributions are based on each participating municipality's percentage of per capita membership averaged over the five preceding years.</li> </ul>	\$43,000
<ul style="list-style-type: none"> <li>HAVEN: The purpose of HAVEN is to provide crisis intervention, shelter, advocacy and counseling for victims of domestic violence, sexual assault and child abuse. From time to time the South Lyon Police Department provides information about HAVEN as a resource. The City monitors this information as to the number of residents, and approximate location or quadrant of the City, that is serviced by this organization (confidentiality is maintained by the Agency). Council approved \$5,000 for fiscal year 2019 using CDBG Funds.</li> </ul>	\$5,000
<ul style="list-style-type: none"> <li>South Lyon Area Recreation Authority: In January 2007, the South Lyon Area Recreation Council was re-formed as an Authority with the participating communities being South Lyon, Lyon Township and Green Oak Township. Contributions for support of the Authority are made by the jurisdictions based on the proportion of users of the Council's recreation programs. An additional amount is paid for the free swim program.</li> </ul>	\$26,000
<ul style="list-style-type: none"> <li>Concerts in the Park</li> </ul>	\$7,000
	\$94,000

### **900 – Printing**

**\$7,500**

This covers the cost of the printing for all administration departments including tax bills, Building Department permit forms, assessment notices, business cards, letterhead, checks, envelopes, etc.

### **900-100 – Publishing**

**\$10,000**

All advertisements in the South Lyon Herald for public hearings, employment opportunities, ordinance amendments, etc., are included within this line item.

### **910 – Insurance and Bonds**

**\$55,000**

The City is under contract with the Michigan Municipal Risk Management Authority (MMRMA) for property and liability insurance including: City Hall and equipment, general liability, Treasurer's bond, and public errors and omissions. As it is unclear how the insurance market is going to fluctuate over the next few years, a 5% increase has been included for the upcoming years.

**920 – Utilities****\$25,000**

Utility costs, including Consumers Energy and Detroit Edison for City Hall, are budgeted within this line item. The DTE bill received by the City is for the entire building. The bill is divided by reading separate meters for the City's side of the building and the School's side of the building, and the shared cost is split between the two entities.

**931 – Building Maintenance****\$2,900**

This includes any maintenance or minor improvements to City Hall. Also included within this line item are costs for cleaning supplies as well as lighting, electrical needs, and floor mats.

**957 – Education/Training****\$7,000**

From time to time City Hall personnel as well as Council and Board & Commission members attend professional seminars and training on various topics related to their field. All costs associated with these functions are included within this line item.

**962 – Miscellaneous Expense****\$1,000**

The budgeted amount of \$1,000 is for miscellaneous items that are needed throughout the year.

**969-200 – Contribution to Solid Waste****\$18,500**

The City annually contributes funds to RRRASOC for the City's portion of the RRRASOC Budget. These funds are based on an \$ 0.85 per capita contribution for General Administration and an additional \$ 0.375 per capita for the MRF participating communities. These amounts are based on 2000 Census figures. Also included is our contribution for any residents who may participate in the Household Hazardous Waste Days and Shredding Days.

**971-100 – Beautification****\$6,000**

With the help of various non-profit groups, the City will hold Spring Clean-up Day, which accomplishes many projects to beautify the City of South Lyon. This is an annual project to beautify the City to maintain and improve the City's image.

**977 – Equipment Miscellaneous****\$500**

Included within this line item are costs for the purchase of fixed assets such as file cabinets and furniture for the administration building.

<b>401 CAPITAL IMPROVEMENT FUND</b>							
<b>REVENUES</b>							
		Audited 2018-2019	Proposed 2019-2020	Amended 2019-2020	Proposed <b>2020-2021</b>	Proposed 2021-2022	Proposed 2022-2023
<b>Revenue</b>	<b>Description</b>						
402	Current Property Tax	178,073	377,217	377,217	<b>399,130</b>	400,151	408,154
402-5	Current Property Tax- Treatment Plant						
446	Penalties & Interest						
510	Huron Valley Aid						
571-1	Earmark Federal Aid						
566-1	Transporation Enhancement (Urban Design)						
570	State Shared Revenues						
571-4	Federal Grant-S. W. Connector						
571-5	Federal Grant-Pontiac Trail/9 Mile Rd. <sup>1</sup>						
571-001	Federal Grant Comm. Development						
583	Contrib.-Road Comm. Lake Street Tri-Party						
664	Interest Income	11,066	2,700	2,700	<b>2,700</b>	2,700	2,700
675	Contrib.-Road Comm. Pontiac Trail-Tri-Party						
675-001	Contrib. Road Comm. Southeast Connector						
676-274	Transfer In CDBG						
698-7	DELEG Grant						
	Transfer In						
	<b>TOTAL REVENUES</b>	189,139	379,917	379,917	<b>401,830</b>	402,851	410,854
	<b>BEGINNING FUND BALANCE</b>	1,834,718	1,782,504	1,782,504	<b>1,554,421</b>	1,583,251	1,986,102
	<b>TOTAL REVENUES</b>	189,139	379,917	379,917	<b>401,830</b>	402,851	410,854
	<b>TOTAL EXPENDITURES</b>	241,354	608,000	608,000	<b>373,000</b>	-	-
	<b>ENDING FUND BALANCE</b>	1,782,504	1,554,421	1,554,421	<b>1,583,251</b>	1,986,102	2,396,956
<b>EXPENDITURES</b>							
		Audited 2018-2019	Proposed 2019-2020	Amended 2019-2020	Proposed 2020-2021	Proposed 2021-2022	Proposed 2022-2023
<b>Expenditure</b>	<b>Description</b>						
<b>451</b>							
801-001	Prof. Svcs.-Audit	2,280					
801-170	Prof. Svcs - Dixboro 8-9 Engineering		8,000	8,000			
801-250	Prof. Svcs.-Dixboro Rd Project Constr.		390,000	390,000			
802-500	Prof. Svcs.-DPW - Yard Paving		170,000	170,000	<b>230,000</b>		
802-700	Cont. Svcs - Police Dept. Roof	13,965					
802	Contractual Svcs.	19,250					
802-001	Cont. Svcs.-CDBG Whipple St. Lot						
802-190	Cont. Svcs.-Safe Routes to School				<b>93,000</b>		
802-400	Contractual Svcs. - DELEG						
802-600	Cont. Svcs.-Pathways		40,000	40,000			
969-202	Contribution-Major Streets						
969-203	Contribution-Local Streets						
969-280	Transfer to DDA						
969-307	Contribution to W.W. Bond D.R.						
969-403	Contribution- S.L. Schools						
969-509	Contribution Transfer to Land Acq.	205,859			<b>50,000</b>		
970-000	Parking Lot improvements						
971-000	Land						
	<b>TOTAL EXPENDITURES</b>	241,354	608,000	608,000	<b>373,000</b>	0	0
Printed:	5/19/2020						

307 - 2003 WASTEWATER TREATMENT PLANT BONDS							
	State Revolving Fund						
		Audited	Proposed	Amended	Proposed	Proposed	Proposed
Revenue	Description	2018-2019	2019-2020	2019-2020	2020-2021	2021-2022	2022-2023
402	Current Property Tax	1,074,760	1,131,650	1,131,650	1,197,391	1,200,454	1,224,463
574-6	State Shared Revenues						
664	Interest Income	12,123	2,000	2,000	8,000	8,200	8,405
676-592	Contribution-Comb. Water & Sewer Fund						
676-401	Contribution Cap. Equip.						
373-369	Contribution Bldg Auth						
	Transfer in from WW System						
	<b>TOTAL REVENUES</b>	1,086,883	1,133,650	1,133,650	1,205,391	1,208,654	1,232,868
Expenditure	Description	Audited 2018-2019	Proposed 2018-2019	Amended 2018-2019	Proposed 2019-2020	Proposed 2020-2021	Proposed 2021-2022
990-1	Debt-Principal	905,000	925,000	925,000	950,000	975,000	1,000,000
995-1	Debt-Interest	186,247	163,372	163,372	139,934	115,872	91,184
999-0	Paying Agent Fees	0	750	750	750	750	750
	<b>TOTAL EXPENDITURES</b>	1,091,247	1,089,122	1,089,122	1,090,684	1,091,622	1,091,934
	<b>BEGINNING FUND BALANCE</b>	681,291	676,926	676,926	721,454	836,161	953,193
	<b>TOTAL REVENUES</b>	1,086,883	1,133,650	1,133,650	1,205,391	1,208,654	1,232,868
	<b>TOTAL EXPENDITURES</b>	1,091,247	1,089,122	1,089,122	1,090,684	1,091,622	1,091,934
	<b>ENDING FUND BALANCE</b>	676,926	721,454	721,454	836,161	953,193	1,094,126
Printed:	5/19/2020						
	Bond Paid Off FY 25-26						

# AGENDA NOTE

New Business # /

**MEETING DATE:** May 26, 2020

**PERSON PLACING ITEM ON AGENDA:** City Manager

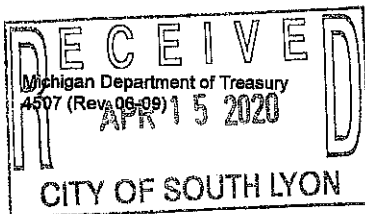
**AGENDA TOPIC:** Tax Abatement

**EXPLANATION OF TOPIC:** City Council recently adopted a Tax Abatement Policy for the community. This policy outlines the requirements for establishing a Commercial Rehabilitation District, and for approving a proposed property tax abatement as outlined in Public Act 210 of 2005. In March City Council established a Commercial Rehabilitation District for Parcel No.80-21-20-360-023.(Property formally known as the RCA Building) The property owner filed an application with the clerk for a Commercial Rehabilitation Exemption Certificate. The Clerk provided written notification to all taxing jurisdictions that levy ad valorem property taxes of an additional application public hearing. The City has 60 days after receipt of the application to either approve or disapprove the application. Tonight we will hold the final public hearing and vote on to approve / not approve Resolution for the Commercial Rehabilitation Exemption Certificate for 1855 Holdings, LLC at 135 E Lake Street. If approved it will then be sent to the State Tax Commission which will either certify or deny the application within 60 days.

**MATERIALS ATTACHED AS SUPPORTING DOCUMENTS:** Written application to request a Commercial Tax Abatement. Map identifying the boundaries of the district. Resolution establishing the Commercial Rehabilitation District (Parcel No. 80-21-20-360-023) Commercial Rehabilitation Summary sheet from Oakland County, MEDC Commercial Rehabilitation Sheet, City Guidelines for establishing a district, Public Hearing Notice, Example of potential tax abatement amount for property. Resolution Approving Commercial Rehabilitation Exemption Certificate, Potential Tax Abatement years / investment.

**POSSIBLE COURSES OF ACTION:** To approve / not approve Resolution Approving Commercial Rehabilitation Exemption Certificate for 1855 Holdings, LLC at 135 E Lake Street.

**SUGGESTED MOTION:** Motion by \_\_\_\_\_, supported by \_\_\_\_\_ to approve Resolution Approving Commercial Rehabilitation Exemption Certificate for 1855 Holdings, LLC at 135 E Lake Street.



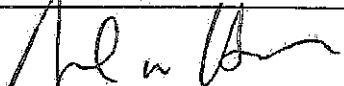
STATE USE ONLY		
Application Number	Date Received	LUCI Code

## Application for Commercial Rehabilitation Exemption Certificate

Issued under authority of Public Act 210 of 2005, as amended.

Read the instructions page before completing the form. **This application should be filed after the commercial rehabilitation district is established.** The applicant must complete Parts 1, 2 and 3 and file one original application form (with required attachments) and one additional copy with the clerk of the local governmental unit (LGU). Attach the legal description of property on a separate sheet. This project will not receive tax benefits until approved by the State Tax Commission (STC). Applications received after October 31 may not be acted upon in the current year. This application is subject to audit by the STC.

PART 1: OWNER / APPLICANT INFORMATION (applicant must complete all fields)			
Applicant (Company) Name (applicant must be the owner of the facility) 1855 HOLDINGS, LLC		NAICS or SIC Code	
Facility's Street Address 135 E LAKE ST	City SOUTH LYON	State MI	ZIP Code 48178
Name of City, Township or Village (taxing authority) SOUTH LYON	County OAKLAND	School District Where Facility is Located SOUTH LYON SCHOOLS	
<input checked="" type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village			
Date of Rehabilitation Commencement (mm/dd/yyyy) 01/15/2020	Planned Date of Rehabilitation Completion (mm/dd/yyyy) 01/15/2021		
Estimated Cost of Rehabilitation \$1,700,000	Number of Years Exemption Requested (1-10) 4		
Expected Project Outcomes (check all that apply)			
<input checked="" type="checkbox"/> Increase Commercial Activity <input type="checkbox"/> Retain Employment <input checked="" type="checkbox"/> Revitalize Urban Areas			
<input checked="" type="checkbox"/> Create Employment <input type="checkbox"/> Prevent Loss of Employment <input type="checkbox"/> Increase Number of Residents in Facility's Community			
No. of jobs to be created due to facility's rehabilitation 26	No. of jobs to be retained due to facility's rehabilitation 26	No. of construction jobs to be created during rehabilitation	
PART 2: APPLICATION DOCUMENTS			
Prepare and attach the following items:			
<input type="checkbox"/> General description of the facility (year built, original use, most recent use, number of stories, square footage)		<input type="checkbox"/> Statement of the economic advantages expected from the exemption	
<input type="checkbox"/> Description of the qualified facility's proposed use		<input type="checkbox"/> Legal description	
<input type="checkbox"/> Description of the general nature and extent of the rehabilitation to be undertaken		<input type="checkbox"/> Description of the "underserved area" (Qualified Retail Food Establishments only)	
<input type="checkbox"/> Descriptive list of the fixed building equipment that will be a part of the qualified facility		<input type="checkbox"/> Commercial Rehabilitation Exemption Certificate for Qualified Retail Food Establishments (Form 4753) (Qualified Retail Food Establishments only)	
<input type="checkbox"/> Time schedule for undertaking and completing the facility's rehabilitation			
PART 3: APPLICANT CERTIFICATION			
Name of Authorized Company Officer (no authorized agents) DANIEL SCHWEGLER		Telephone Number [REDACTED]	
Fax Number (248) 594-1381		E-mail Address SCHWEGS11@GMAIL.COM	
Street Address [REDACTED]		City SOUTH LYON	State MI
		ZIP Code 48178	
<i>I certify that, to the best of my knowledge, the information contained herein and in the attachments is truly descriptive of the property for which this application is being submitted. Further, I am familiar with the provisions of Public Act 210 of 2005, as amended, and to the best of my knowledge the company has complied or will be able to comply with all of the requirements thereof which are prerequisite to the approval of the application by the local governmental unit and the issuance of a Commercial Rehabilitation Exemption Certificate by the State Tax Commission.</i>			
<i>I further certify that this rehabilitation program, when completed, will constitute a rehabilitated facility, as defined by Public Act 210 of 2005, as amended, and that the rehabilitation of this facility would not have been undertaken without my receipt of the exemption certificate.</i>			
Signature of Authorized Company Officer (no authorized agents) [Signature]		Title MANAGING MEMBER	Date 04/03/2020

<b>PART 4: ASSESSOR RECOMMENDATIONS</b> (assessor of LGU must complete Part 4)			
Provide the Taxable Value and State Equalized Value of Commercial Property, as provided in Public Act 210 of 2005, as amended, for the tax year immediately preceding the effective date of the certificate (December 31 of the year approved by the STC).			
	<b>Taxable Value</b>	<b>State Equalized Value (SEV)</b>	
<b>Land</b>	\$10,660	\$10,660	
<b>Building(s)</b>	\$40,630	\$40,630	
The property to be covered by this exemption may not be included on any other specific tax roll while receiving the Commercial Rehabilitation Exemption. For example, property on the Eligible Tax Reverted Property (Land Bank) specific tax roll cannot be granted a Commercial Rehabilitation Exemption that would also put the same property on the Commercial Rehabilitation specific tax roll.			
<input checked="" type="checkbox"/> By checking this box I certify that, if approved, the property to be covered by this exemption will be on the Commercial Rehabilitation Exemption specific tax roll and not on any other specific tax roll.			
Name of Local Government Body City of South Lyon, OAKLAND COUNTY			
Name of Assessor (first and last name) David M. Hieber		Telephone Number (248) 858-0760	
Fax Number (248) 858-2074		E-mail Address hieberd@oakgov.com	
I certify that, to the best of my knowledge, the information contained in Part 4 of this application is complete and accurate.			
Assessor's Signature 			Date 4-22-2020
<b>PART 5: LOCAL GOVERNMENT ACTION</b> (clerk of LGU must complete Part 5)			
Action Taken By LGU (attach a certified copy of the resolution):			
<input type="checkbox"/> Exemption approved for _____ years, ending December 30, _____ (not to exceed 10 years)			
<input type="checkbox"/> Exemption Denied			
Date District Established (attach resolution for district) June 9, 2020	Local Unit Classification Identification (LUCI) Code		School Code
<b>PART 6: LOCAL GOVERNMENT CLERK CERTIFICATION</b> (clerk of LGU must complete Part 6)			
Clerk's Name (first and last)		Telephone Number	
Fax Number		E-mail Address	
Mailing Address	City	State	ZIP Code
LGU Contact Person for Additional Information	LGU Contact Person Telephone Number	Fax Number	
I certify that, to the best of my knowledge, the information contained in this application and attachments is complete and accurate and hereby request the State Tax Commission issue a Commercial Rehabilitation Exemption Certificate, as provided by Public Act 210 of 2005, as amended.			
Clerk's Signature			Date

The clerk must retain the original application at the local unit and mail one copy of the completed application with attachments to:

State Tax Commission  
P.O. Box 30471  
Lansing, MI 48909

e-recorded

LIBER 52674 PAGE 107

0039611

OAKLAND COUNTY TREASURERS CERTIFICATE  
I HEREBY CERTIFY that there are no TAX LIENS or TITLES  
held by the state or any individual against the within description  
and all TAXES on same are paid for five years previous to the  
date of this instrument as appears by the records in the office  
except as stated.  
Reviewed By: RC

Mar 25, 2019

5.00 E-FILE

Sec. 135, Act 206, 1893 as amended  
ANDREW E. MEISNER, County Treasurer

2018 Not Examined

LIBER 52674 PAGE 107  
\$21.00 DEED - COMBINED  
\$4.00 REMONUMENTATION  
\$5.00 AUTOMATION  
\$1,161.00 TRANSFER TX COMBINED  
03/25/2019 08:01:03 PM RECEIPT# 29858  
PAID RECORDED - Oakland County, MI  
Lisa Brown, Clerk/Register of Deeds

STATE OF  
MICHIGAN



REAL ESTATE  
TRANSFER TAX

OAKLAND  
03/25/2019  
29858

\$148.50 CO  
\$1,012.50 ST  
001204979



## WARRANTY DEED

File No. cen116610-FNT

The Grantor(s) Jesse Bonner manager of Bonner Properties, LLC  
whose address is 748 Doheny Dr., Northville, MI 48167

convey(s) and warrant(s) to Daniel Schwegler  
whose address is 51631 Ten Mile, South Lyon, MI 48178

the following described premises situated in the City of South Lyon, County of Oakland and State of Michigan:

Lot 25, ASSESSOR'S PLAT NO. 5, according to the Plat thereof as recorded in Liber 58 of Plats, Page(s) 30, Oakland County Records.

Commonly Known As: 135 E Lake St, South Lyon MI 48178  
Sidwell No. 80-21-20-360-023

For the sum of One Hundred Thirty Five Thousand and 00/100 Dollars (\$135,000.00)

Subject to easements and building and use restriction of record, if any.



**General description of the facility**

The building at 135 E Lake St, 80-21-20-360-023, was built in approximately 1900. As far as I can tell, it was originally built for mixed use and the earliest business I can see from old pictures was a Kroger in 1919. Over the years, it's housed a Showerman's grocery store and most recently has been an RCA appliance repair store up until August 2018. There is a shallow basement and two stories, the first story being 16 ft until the ceiling. The second floor was separated into 3 apartments. Each floor has 1845 sq. ft.

**Description of the qualified facility's proposed use**

The building will undergo an extensive renovation which includes extending the ceiling height of about 70% of the basement to a usable 8 ft ceiling height, and adding a third story. The intended use of the building will be to house a restaurant with a full bar as well as office space.

**Description of the general nature and extent of the rehabilitation to be undertaken**

The renovation consists of dropping the basement floor almost 2 ft to accommodate additional work space and the addition of a 3<sup>rd</sup> floor. Preserving the current exterior stone veneer is a priority of the project, but everything else will be replace, including all electrical, plumbing, HVAC, floor joists, etc.

**Descriptive list of the fixed building equipment that will be a part of the qualified facility**

HVAC units that will serve two different businesses, located on the roof.

**Time Schedule for undertaking and completing the facility's rehabilitation**

The project started in January of 2020 and is expected to take approximately one year to complete, although that may be lengthened due to the impact of COVID-19

**Statement of the economic advantages expected from the exemption**

I've worked with Bob Donahoe, who ran the DDA in South Lyon, to design a finished product that would preserve the historic look and feel, while also adding a new restaurant space that is desperately needed for our downtown. This building has been an eyesore in the community for decades and the renovation of the building has drawn an immense amount of interest, especially because of a new restaurant in town. I expect a significant boost to visitors downtown to experience the new restaurant and to see the completed renovation.

**Legal Description**

80-21-20-360-023, 135 E Lake St

**Description of the "underserved area"**

N/A

**Commercial Rehabilitation Exemption Certificate for Qualified Retail Food Establishments**

[illegible]

**RESOLUTION NO. 01-2020**

**CITY OF SOUTH LYON  
OAKLAND COUNTY, MICHIGAN**

**RESOLUTION                      ESTABLISHING                      COMMERCIAL  
REHABILITATION DISTRICT FOR 1855 Holdings, LLC**

WHEREAS, pursuant to PA 210 of 2005, the City of South Lyon has the authority to establish "Commercial Rehabilitation Districts" within the City of South Lyon at the request of a commercial business enterprise; and

WHEREAS, 1855 Holdings, LLC has filed a written request with the clerk of the City of South Lyon requesting the establishment of the Commercial Rehabilitation District for an area in the vicinity of 135 E. Lake Street located in the City of South Lyon hereinafter described; and

WHEREAS, the City Council of the City of South Lyon determined that the district meets the requirements set forth in sections 2(b) and 3 of PA 210 of 2005; and

WHEREAS, written notice has been given by certified mail to the county and all owners of real property located within the proposed district as required by section 3(3) of PA 210 of 2005; and

WHEREAS, on March 9, 2020 a public hearing was held and all residents and taxpayers of the City of South Lyon were afforded an opportunity to be heard thereon; and

WHEREAS, the City of South Lyon deems it to be in the public interest of the City of South Lyon to establish the Commercial Rehabilitation District as proposed;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of South Lyon that the following described parcel(s) of land situated in the City of South Lyon, Oakland County, and State of Michigan, to wit:

80-21-20-360-023

be and here is established as a Commercial Rehabilitation District pursuant to the provisions of PA 210 of 2005 to be known as RCA Commercial Rehabilitation District, Commercial Rehabilitation District No. 1.

At a regular meeting of the City of South Lyon City Council, a motion was made by Council Member Kurtzweil, supported by Council Member Walton to adopt the above resolution.

Ayes: 7  
Nays: 0  
Absent: 0

RESOLUTION DECLARED ADOPTED on this 9<sup>th</sup> day of March, 2020.

# CERTIFICATION

I certify that this resolution was duly adopted by the City Council of the City of South Lyon on March 9<sup>th</sup>, 2020.

Lisa Deaton  
City Clerk  
South Lyon

## COMMERCIAL REHABILITATION ACT

Public Act 210 of 2005, as amended, encourages the rehabilitation of commercial property by abating the property taxes generated from new investment for a period up to 10 years. As defined, commercial property is a qualified facility that includes a building or group of contiguous buildings of commercial property that is 15 years or older, of which the primary purpose is the operation of a commercial business enterprise or multifamily residential use. A qualified facility may also include vacant property or other commercial property which, within the immediately preceding 15 years, was commercial property. Types of commercial business enterprises include office, engineering, research and development, warehousing, parts distribution, retail sales, and other commercial activities. Multi-family residential is housing that consists of five or more units. Commercial properties allocated new market tax credits are also considered a qualified facility.

Qualified retail food establishments are considered a qualified facility for purposes of granting the tax abatement. These establishments include a retail supermarket, grocery store, produce market, or delicatessen that offer unprocessed USDA-inspected meat and poultry products or meat products that carry the USDA organic seal, fresh fruits and vegetables, and dairy products for sale to the public. The qualified retail food establishment must be located in a "core community" as defined in the Obsolete Property Rehabilitation Act (PA 146 of 2000) or in an area designated as rural as defined by the United States Census Bureau and is located in an underserved area.

Commercial property does not include property that is to be used as a professional sports stadium or a casino. Land and personal property are not eligible for abatement under this act.

*Note: This document is offered as a general guide only and the legislation should be reviewed by local officials.*

### WHO IS ELIGIBLE?

"Qualified local government units" mean any city, village or township.

### WHAT IS REHABILITATION?

Rehabilitation is defined as changes to qualified facilities that are required to restore or modify the property, together with all appurtenances, to an economically efficient condition. The new investment in the rehabbed property must result in improvements aggregating to more than 10 percent of

the true cash value of the property at commencement of the rehabilitation of the qualified facility. Rehabilitation includes the following: improvement of floor loads, correction of deficient or excessive height, new or improved fixed building equipment including heating, ventilation, and lighting, reducing multistory facilities to one or two stories, improved structural support including foundations, improved roof structure and cover, floor replacement, improved wall placement, improved exterior and interior appearance of buildings, and other physical changes required to restore or change the property to an economically efficient condition.

Rehabilitation also includes new construction on vacant property from which a previous structure has been demolished and if the new construction is an economic benefit to the local community as determined by the qualified local governmental unit.

Rehabilitation for a qualified retail food establishment also includes new construction.

### WHAT IS THE PROCESS?

Before the Commercial Rehabilitation Exemption Certificate (i.e., property tax abatement) can be granted to the commercial property owner, the city, village or township by resolution of its legislative body, must establish a Commercial Rehabilitation District. The establishment of the district may be initiated by the local government unit or by owners of property comprising 50 percent of all taxable value of the property in the proposed district. The district must be at least three acres in size unless it is located in a downtown or business area or contains a qualified retail food establishment.

The city, village or township must hold a hearing to establish a Commercial Rehabilitation District. Notification of the hearing must be given to the county board of commissioners and all real property owners in the proposed district.

After the hearing is held and the local unit of government determines the district meets the requirements of the act, a copy of the resolution adopting the district shall be provided to the county where the district is established. Within 28 days, the county may accept or reject the establishment of the district. In a county with a county executive, the executive can write a letter rejecting the establishment of the district. In all other counties, the county board of commissioners can pass a resolution rejecting the establishment of the district.

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# MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

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Once the district is established, the property owners may file an application with the local clerk for a commercial rehabilitation exemption certificate. Applications are available from the Michigan Department of Treasury. The local clerk shall provide written notification to the assessor of the local unit of government and each taxing jurisdiction that levies ad valorem property taxes of the application hearing. The city, village or township has 60 days after receipt of the application to either approve or disapprove the application. If denied, a reason must be given in the resolution. The assessor and applicant shall be sent a copy of the unapproved resolution by certified mail. If approved, the application and resolution must be sent to the State Tax Commission, which will certify or deny the application within 60 days. A resolution is not effective unless approved by the State Tax Commission.

## COMMERCIAL REHABILITATION EXEMPTION CERTIFICATE

Upon approval by the State Tax Commission, a commercial rehabilitation certificate is issued. The property owner must pay a Commercial Rehabilitation Tax rather than the normal property tax. The certificate must be issued for a period of at least one year, but cannot exceed 10 years. Certificates initially issued for less than 10 years may be extended, but shall not exceed 10 years. The criteria for extensions must be included in the resolution approving the abatement.

The Commercial Rehabilitation Tax freezes the taxable value of the building and exempts the new investment from local taxes. The school operating tax and the State Education Tax (SET) are still levied on the new investment. Land and personal property cannot be abated under this act.

## DISCUSSION

In addition to the Commercial Rehabilitation Act (PA 210 of 2005), several other property tax abatements are available for the rehabilitation of commercial property in Michigan, including the Commercial Redevelopment Act (PA 255 of 1978) and the Obsolete Property Rehabilitation Act (PA 146 of 2000). Each act has unique eligibility requirements, processes, and lengths and terms of the abatement. Please refer to the Michigan Economic Development Corporation (MEDC) fact sheet for more information on each program and consult the authorizing statute to determine the best fit for your project needs.

## SUPPORTING STATUTE

*Public Act 210 of 2005: Commercial Rehabilitation Act*

## CONTACT INFORMATION

For more information on the Commercial Rehabilitation Act, contact the Community Assistance Team (CAT) specialist assigned to your territory or visit [www.miplace.org](http://www.miplace.org).

**CITY OF SOUTH LYON  
COMMERCIAL REHABILITATION ACT, PA 210 OF 2005  
TAX ABATEMENT POLICY & GUIDELINES**

**INTRODUCTION**

The Commercial Rehabilitation Act, Public Act 210 of 2005, as amended, offers certain qualified properties a real property tax abatement for a period of 1 to 10 years, as determined by the City. The City of South Lyon has decided it is in the best interest of the City to consider property tax abatements for large, high quality investors with considerable long range and ancillary benefit. The City's primary purpose in considering tax abatements is to facilitate, encourage and incentivize improvements to existing commercial buildings, from façade improvements to reconstruction or repurposing in accordance with existing City land use plans and standards.

The intent of this document is to outline the City of South Lyon policy and guidelines for consideration of requests for commercial rehabilitation development district tax abatements for qualified properties. In order to continue the high quality that is expected by City residents and business community, tax abatements that do not meet the criteria set forth in this document cannot be recommended unless there are unique or strategic additional reasons.

**OBJECTIVES & GOALS**

Generally, the City's objectives and goals with respect to eligible Public Act 210 commercial rehabilitation tax abatements is to:

- Encourage and promote a significant redevelopment of, or improvement to, existing commercial buildings in the City, such that the capital investment will serve as a catalyst for other substantial investments within the community.
- Create or retain a significant number of employment opportunities that offer competitive wages within the industry.
- Judiciously and prudently use all tools available to improve the quality of life in the City, in a manner that assures that the long-term benefits of such action outweigh the short-term costs and foregone revenue.

In accordance with Public Act 210 of 2005, the City Council will decide whether or not to approve an abatement request, and if approved, it will determine the period, in years, of the abatement. The City Council will make its decision after considering requirements of the Act, the application and other supporting materials submitted by the applicant, and the guidelines and criteria included in this policy. The City Council retains discretionary power for final determination and is not limited to using only these guidelines when acting on a specific abatement request and reserves the right to consider exceptions to the guidelines based on the merits and circumstances of each application.

Thus, while the abatement applications are filed with the City and reviewed and decided on by the City Council, including duration, applications approved by the City are also subject to review and final approval by the State Tax Commission.

- Whether the project will comply with the US Secretary to the Interior's Standards for Rehabilitation and Historic Preservation and the National Main Street Center's Building File Design Guidelines
- The contributions the applicant has made to the City, including the applicants track record and capability of successfully completing the project
- The extent to which the applicant commits to the use of local vendors, suppliers and contractors
- Evidence of the applicant's ongoing financial viability and profitability. Applicants are to provide a fiscal impact analysis demonstrating the positive impact to the community and that the benefits of approving the abatement outweigh the amount of taxes which would be abated for the duration of the abatement if approved
- The utilization of other local, county, state, federal or private incentives or programs for the project
- Will the project attract businesses that diversify the city's commercial base and contribute to the economic and social well-being of the community
- Will the project promote growth and expansion of existing businesses and the growth and development of local entrepreneurs
- Whether the project will encourage the adaptive reuse of underutilized or obsolete building(s), including properties that are currently tax exempt
- Will the project support and attract businesses that further develop the local workforce by increasing the personal income of residents, diversifying the job base, and creating new jobs
- The applicant is currently in its financial obligations to the City, is in compliance with all applicable state and city codes and ordinances, and has no pending or current litigation against the City (including appeals to the Michigan Tax Tribunal)
- The project will utilize City utilities but not over burden them and is generally compatible with the City's present and future requirements for services such as roads, utilities, and other public services
- The project will be environmentally sound, complement the City's Master Plan and be consistent with the City's future land use plan and environmental objectives. Noise, odor, clear air, solid and hazardous waste, traffic congestion, storm water management, and other environmental concerns will be evaluated
- The project will not over burden the City's road system or negatively impact the public safety.



The City Clerk's acceptance of a completed application does not imply the application will be approved by the City Council which is the approving body and its decision is further subject to approval by the Michigan State Tax Commission as prescribed by law.

3. Administrative Review. City staff, including the Assessor, will process and review the application for compliance with Public Act 210 of 2005, as amended, and the City's tax abatement criteria and research the viability of the abatement and its impact on the City. Staff reviews and recommendations will be provided to the City Council.

4. Notice and Public Hearing. Upon receipt of a fully completed application, the City Clerk shall notify in writing by certified mail the City Assessor, and the legislative body of each taxing unit that levies ad valorem property taxes in the City. Before acting on the application, the City Council shall afford the applicant, the assessor, and a representative of the affected taxing units an opportunity to be heard. After notice is provided as required, the City Council will hold a public hearing before decision on the application. At the public hearing the applicant may present a summary of the application and supporting materials and answer questions from the Board.

5. Council Decision. Following the public hearing and not more than 60 days after the Clerk's receipt of the completed application, the City Council shall by resolution either approve or disapprove the application. Should the City Council determine that the application meets the criteria, it decides the length of the project's abatement (up to 10 years). Upon the close of the public hearing the City Council will take action regarding the application, and if approved, a determination of the number of years included in the certificate and other permitted conditions.

6. Report to State Tax Commission. If approved, the Clerk shall forward the application and resolution to the State Tax Commission. If disapproved, the reasons shall be set forth in the resolution, which shall be sent to the applicant, along with the application, by certified mail. The applicant may appeal the disapproval to the State Tax Commission within 10 days after the date of disapproval.

7. State Tax Commission; Issuance of Certificate. Not more than 60 days after receipt of a copy of the application and resolution adopted by the City, the State Tax Commission shall approve or disapprove the resolution. Following approval, the State Tax Commission shall issue to the applicant a commercial rehabilitation exemption certificate.

## **REPORTING REQUIREMENTS**

If an application is approved and the State Tax Commission issues commercial rehabilitation exemption certificate, the certificate holder must report annually to City, no later than October 1 of each year, on the status of the project, including the actual cost of the project and improvements, the current value of the property for which the exemption pertains, the value on which the commercial rehabilitation tax is based, the number of jobs created, construction progress, and impact to City utilities, etc. The City shall report the status to State Tax Commission, no later than October 15 of each year.

**City of South Lyon**  
**Notice of Public Hearing**

NOTICE IS HEREBY GIVEN THAT The City of South Lyon City Council will hold a public hearing on May 26, 2020 at 7:30 p.m. at the South Lyon/School Administration Building located at 335 S Warren, South Lyon, Michigan to consider the following:

Application for Commercial Rehabilitation Exemption Certificate for 1855 Holdings, LLC  
135 E Lake Street  
South Lyon, MI 48178

The City Council will consider any public comments on this matter at this time. The hearing is open to the public to voice their views or submit written comments. Persons with disabilities, who require assistance to participate or attend this public meeting are requested to contact the City Clerk at 248-437-1735 at least 72 hours prior to the start of the meeting.

Lisa Deaton  
City Clerk/Treasurer

# CITY OF SOUTH LYON



## Mayor

Daniel L. Pelchat

## Council Members

Glenn Kivell

Lisa Dilg

Stephen Kennedy

Margaret J. Kurtzweil

Carl W. Richards

Rose Walton

## City Manager

Paul Zelenak

## Clerk/Treasurer

Lisa Deaton

5-12-2020

Daniel Schwegler

23755 Prescott Lane E

South Lyon, MI 48178

To Whom It May Concern,

I recently sent you a public hearing notice scheduled to be held at City Hall on Tuesday May 26<sup>th</sup>, 2020 at 7:30 p.m. Due to executive order 2020-75, The City of South Lyon Council Meeting will be held digitally. This includes the public hearing for the commercial rehabilitation exemption certificate request for 1855 Holdings, LLC, for the property located at 135 E Lake Street in South Lyon Michigan. The public may participate in the meeting by computer or phone. You may join the meeting by going to the following link <https://us02web.zoom.us/j/89027097054> or you may dial in by phone at 877-853-5247. The ID number is 890 2709 7054 . If you have any questions or concerns, you may contact City of South Lyon at 248-437-1735. Thank you.

Lisa Deaton

City Clerk

City of South Lyon

335 S Warren

South Lyon, MI 48178

335 S Warren

South Lyon, MI 48178

Phone: 248-437-1735

Fax: 248-486-0049

[www.southlyonmi.org](http://www.southlyonmi.org)

**Potential Commercial Tax Abatement Project Investment Thresholds to Qualify**

<b><u>Amount:</u></b>	<b><u># of Yrs.</u></b>
A. \$0 – 500,000.	1-2
B. \$500,001. – 1,000,000.	2-3
C. \$1,000,001. – 2,000,000.	4-5
D. \$2,000,001. – 5,000,000.	6-7
E. \$5,000,001. – 8,000,000.	8-9
F. Over \$8,000,001.	10
G.	

**QUESTIONS:**

1. Do we stop at over \$5,000,000., 6-7 years max?
2. How far do we go with number of years for PA 210 (10 yrs) & PA255 (12yrs)?

4/17/19

### Commercial Rehabilitation Tax Abatement Example

#### **999 ABC Street**

Current Land Value:	\$100,000
<u>Current Building Value:</u>	<u>\$300,000</u>
Total Value Bldg & Land	\$400,000
	<u>x 50%</u>
Assessed / Taxable Value	\$200,000
<u>Divided by</u>	<u>1,000</u>
	200 x <u>Millage Rate</u> 58
Current Total Taxes Paid	<b>\$11,600</b>

#### **Commercial Building Improvement that generates \$1,000,000 of Additional Value**

Increase in Value:	\$1,000,000
	<u>X 50%</u>
Taxable Value	\$ 500,000
<u>Divided by</u>	<u>1000</u>
Equals	500 x <u>Millage rate (58)</u>
Total taxes generated by improvement	\$29,000
<i>(without commercial tax abatement)</i>	

#### **Commercial Tax Abatement:**

15.5 City Millage	\$ 7,750	
<u>18.5 Other Millage</u>	<u>\$ 9,250</u>	
<b>34.00 Total Millage all taxing units</b>	<b>\$17,000</b>	<b>Amount of taxes abated</b>
24.00 School Millage	<u>\$12,000</u>	Amount going to the state
Total taxes generated by improvement	\$29,000	

**RESOLUTION 02-20  
CITY OF SOUTH LYON  
OAKLAND COUNTY, MI**

**RESOLUTION APPROVING COMMERCIAL REHABILITATION  
EXEMPTION CERTIFICATE APPLICATION FOR 1855 HOLDINGS, LLC AT  
135 E LAKE**

At a regular City Council Meeting of the City of South Lyon held on Tuesday May 26, 2020 at 335 S Warren, South Lyon Michigan at 7:30 p.m.

PRESENT:

ABSENT:

The following preamble and resolution were offered by \_\_\_\_\_, and supported by \_\_\_\_\_.

**Resolution 02-2020 Approving Commercial Rehabilitation Exemption Certificate  
Application for 1855 Holdings, LLC at 135 E Lake**

WHEREAS, the City of South Lyon legally established the Commercial Rehabilitation District on March 9, 2020, after a public hearing held on March 9, 2020; and

WHEREAS, a public hearing was held on the application as provided by section 4(2) of Public Act 210 of 2005 on May 26, 2020; and

WHEREAS, the 1855 holdings, LLC is not delinquent in any taxes related to the facility; and

\*\*\*WHEREAS, the application was approved for less than 10 years and the following \_\_\_\_\_ (factors, criteria and objectives, if any) are necessary for extending the exemption; and

WHEREAS, the application is for commercial property as defined in section 2(a) of Public Act 210 of 2005; and

WHEREAS, the applicant 1855 Holdings, LLC has provided answers to all required questions under the application instructions to the City of South Lyon; and

WHEREAS, The City of South Lyon requires that rehabilitation of the facility shall be completed by \_\_\_\_\_ (date); and

WHEREAS, the commencement of the rehabilitation of the facility did not occur more than six months prior to the filing of the application for exemption; and

WHEREAS, the application relates to a rehabilitation program that when completed constitutes a qualified facility within the meaning of Public Act 210 of 2005 and that is situated within a Commercial Rehabilitation District established under Public Act 210 of 2005; and

WHEREAS, completion of the qualified facility is calculated to, and will at the time of issuance of the certificate, have the reasonable likelihood to, increase commercial activity, create employment, retain employment prevent loss of employment, revitalize urban areas, or increase the number of residents in the community the facility is situated; and to preserve the historic look and feel, while also adding a new restaurant space which is much needed and a significant boost to visitors downtown to experience the new restaurant and to see the completed renovation in which the facility is situated; and

WHEREAS, the rehabilitation includes improvements aggregating 10% or more of the true cash value of the property at commencement of the rehabilitation as provided by section 2(j) of Public Act 210 of 2005.

NOW, THEREFORE, BE IT RESOLVED by the South Lyon City Council, of the City of South Lyon

Be and hereby is granted a Commercial Rehabilitation Exemption for the real property, excluding land, located in Commercial Rehabilitation District 1855 Holdings, at 135 W Lake for a period of \_\_\_\_\_(years) years, beginning December 31, \_\_\_\_\_(year STC approves), and ending December 30, \_\_\_\_\_(up to ten years after beginning date), pursuant to the provisions of PA 210 of 2005, as amended.

AYES:

NAYS:

RESOLUTION DECLARED ADOPTED.

I hereby certify that the foregoing constitutes a true and complete copy of a resolution adopted by the South Lyon City Council, of the City of South Lyon, County of Oakland, Michigan at a regular meeting held on May 26, 2020.

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Clerk

\*\*\*If an application was approved for 10 years remove this statement. If the application was approved for less than 10 years and you want to offer the option of extending the certificate term in the future you must list the criteria, etc..., for extending the certificate. If you don't wish to extend the certificate in the future, state that the certificate will not be extended in place of the criteria statement.

COMMERCIAL REHABILITATION ACT (P.A. 210-61/2005) - CRA				
Commercial Rehabilitation District	Application/Term	Value/Taxes - IMPROVEMENTS	Value/Taxes - LAND	Additions
<ul style="list-style-type: none"> <li>- City Council may by <b>RESOLUTION</b> establish one (1) or more districts of one (1) or more parcels <b>OR</b> a portion of a parcel if the property is a "Qualified Facility" (i.e. Building or group of contiguous buildings previously used for commercial or Industrial purposes and/or vacant property which within the preceding fifteen (15) years was commercial property) at the time of approval.</li> <li>- District established upon Initiative of the City Council <b>OR</b> upon request of the owner(s) of at least 50% of the Taxable Value within.</li> <li>- Public Hearing required before approval.</li> <li>- County may reject the establishment of a district after City Council approval of.</li> </ul>	<ul style="list-style-type: none"> <li>- Owner of a "Qualified Facility" may file an abatement application with the City Clerk if a district has been established.</li> <li>- Public Hearing, separate from hearing on district, required before approval.</li> <li>- City Council approval or disapproval by <b>RESOLUTION</b> within sixty (60) days of receipt.</li> <li>- State Tax Commission (STC) approval or disapproval within sixty (60) days of receipt of City Council approving Resolution.</li> <li>- Certificate issued by STC for term of one (1) to ten (10) years <b>OR</b> not to exceed ten (10) years after completion of rehabilitation. Effective 12/31 immediately following.</li> <li>- Act currently with a Sunset clause. Any new exemption must be granted on or before 12/31/2020 although those in effect continue until expiration.</li> </ul>	<ul style="list-style-type: none"> <li>Frozen Component</li> <li>- Prior Year Value of Building and Land Improvements</li> <li>- Current Ad Valorem Millages</li> </ul> <div style="background-color: #cccccc; padding: 5px;"> <p><b>Rehab Component</b>                      Increase in Value Due to Repair                      Value Reductions for City and School Districts on Current Millage                      Benefit - Limited to a proportion of value attributable to increase</p> </div>	<ul style="list-style-type: none"> <li>- Current Value</li> <li>- Current Ad Valorem Millages, inclusive of Special Assessment Millages</li> <li>- Any Service Fees related to site</li> </ul>	<ul style="list-style-type: none"> <li>- Construction cannot have occurred application.</li> <li>- Construction term authorized by (in approving Resolution).</li> <li>- City Council may by <b>RESOLUTION</b> if the project has not occurred with certificate holder requests revocation</li> <li>- City Council may approve transfer by the new owner.</li> </ul>



1

# **AGENDA NOTE**

**New Business # 2**

**MEETING DATE:** May 26, 2020

**PERSON PLACING ITEM ON AGENDA:** City Manager

**AGENDA TOPIC:** Video recording City meetings.

**EXPLANATION OF TOPIC:** I have been asked to place this item on the agenda at the request of a councilmember to discuss whether the City should video record additional City meetings. Currently we only video record the City Council meetings. Planning Commission and Zoning Board of Appeals meetings are recorded and minutes are taken by City Staff. Other meetings, including; Parks and Recreations Commission, Cultural Arts, Cable Commission, Historical Society, minutes are taken by those members in attendance. If we would record additional meetings, there would be an added cost to bring in staff to operate the equipment to video record the specific City meetings. This fee is currently \$75 for the camera operators. Additional costs may be needed to have someone create the minutes for the meetings if they are currently not taken by City staff.

**MATERIALS ATTACHED AS SUPPORTING DOCUMENTS:** None

**POSSIBLE COURSES OF ACTION:** Give direction to staff on whether City Council wants to video record meetings.

**SUGGESTED MOTION:** None

# AGENDA NOTE

New Business: Item # 3

**MEETING DATE:** May 26, 2020

**PERSON PLACING ITEM ON AGENDA:** Douglas Varney, Director, Utilities & DPW

**AGENDA TOPIC:** Purchase and installation of approximately 6000 square feet of topcoat asphalt for Rail Trail path south of 11 Mile and to the west of the Knolls subdivision.

**EXPLANATION OF TOPIC:** The Department of Public Works needs to repair a section of the bike path that is holding water. This is a scheduled purchase for this year's budget and is part of ongoing updates to improve the path for residents. This expenditure can be purchased out of the Capital Improvements account **401.451-802** and all quotes are attached for your review.

**MATERIALS ATTACHED AS SUPPORTING DOCUMENTS:**

- 1.1 Bidsheet for resurfacing approximately 6000 square foot section of the Rail Trail.
- 1.2 Map detailing where replacement section is being resurfaced

**POSSIBLE COURSES OF ACTION:** Approve/deny the purchase to resurface approximately 6000 square feet of the Rail Trail by D & H Asphalt Company for \$14,393.00.

**SUGGESTED MOTION:** Motion by \_\_\_\_\_, supported by \_\_\_\_\_ to approve the purchase and installation of approximately 6000 square feet of topcoat asphalt for Rail Trail path south of 11 Mile and to the west of the Knolls subdivision by D & H Asphalt Company for \$14,393.00 under line item **401.451-802**.

**SUBJ: ATTACHMENT - BID SHEET FOR COUNCIL REVIEW**

**ITEM BEING PLACED ON AGENDA: RAIL TRAIL RESURFACING PROJECT**

COMPANY	COPELAND PAVING / 46900 W. 12 MI RD, NOVI MI 48377
BID CONTACT	CURTIS COPELAND (248) 305-6023
BID AMOUNT	TOTAL - \$18,716.00
DETAILS	CLEAN /TACK EXISTING – TO INSTALL 1100 T WEARING ASHPALT (7,000 SQ.FT)

COMPANY	SOMERSET PAVING / 11734 WHITMORE LAKE RD, WHITMORE LAKE MI 48189
BID CONTACT	MATT FISHER (734) 929-0641
BID AMOUNT	TOTAL - \$21,840.00
DETAILS	TO INSTALL 36A HOT MIX WITH JOINTS AT EACH END AND CROWNED FOR DRAINAGE. (6000 SQ. FT)

COMPANY	D&H ASHPALT CO. / PO BOX 729 10063 INDUSTRIAL DR, HAMBURG MI 48139
BID CONTACT	SCOTT HOLMES / (810) 231-3501
BID AMOUNT	TOTAL \$14,393.00
DETAILS	CREATE 2 JOINTS / APPLY TACK COAT / TRIM EDGES & CLEAN PATH / WEDGE LOW AREAS WITH 30 TON 1100L BASE/ CAP WIDTH WITH 1 ½" 36A TOP ASPHALT. (6100 SQ. FT)

Area of Work



Legend

Google Earth

© 2020 Google

S Lyon City Trails

N-Mile Rd

11-Mile Rd

Kestrel Ct

Kestrel Ridge Dr

Kholiwood Ct

Village Way

Baerle Ct

Fox Ct

Eagle Heights Dr

Red Ct

Brick Ln

Arrow

Glenmeadow

Norchester St

Covington St

Mayfair

Wellington Pl

1000 ft



# AGENDA NOTE

New Business: Item # 4

**MEETING DATE:** May 26, 2020

**PERSON PLACING ITEM ON AGENDA:** Douglas Varney, Director, Utilities & DPW

**AGENDA TOPIC:** Sanitary Sewer Evaluation Study Phase 2 (NE Quadrant: Sect 20-3)

**EXPLANATION OF TOPIC:** The multi-year plan to inspect our infrastructure has begun and we currently have completed Phase 1 to inspect the NW Quadrant. As a continuation the low bidder, Pipetek has now submitted a change order to continue on with the next phase utilizing the last years pricing structure. They have offered a quote for \$40,693.75 and this can be purchased out of the Water / Sewer Professional Services Acct. No. **592-557-801** for budget year 2020/2021. Pipetek will be notified upon approval of city council that they can begin Phase 2 after July 1, 2020.

**MATERIALS ATTACHED AS SUPPORTING DOCUMENTS:**

- 1.1 Maps detailing the section for Phase 2
- 1.2 Change Order submitted to HRC

**POSSIBLE COURSES OF ACTION:** Approve/deny the award of Phase 2 of the Sanitary Sewer Evaluation Study to Pipetek Infrastructure Services LLC of Livonia, MI in the amount of \$40,693.75.

**SUGGESTED MOTION:** Motion by \_\_\_\_\_, supported by \_\_\_\_\_ to approve the award of Phase 2 of the Sanitary Sewer Evaluation Study to Pipetek Infrastructure for the amount of \$40,693.75 under line item **592.557-801**.

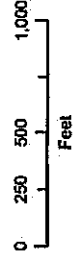


## Priority Sections

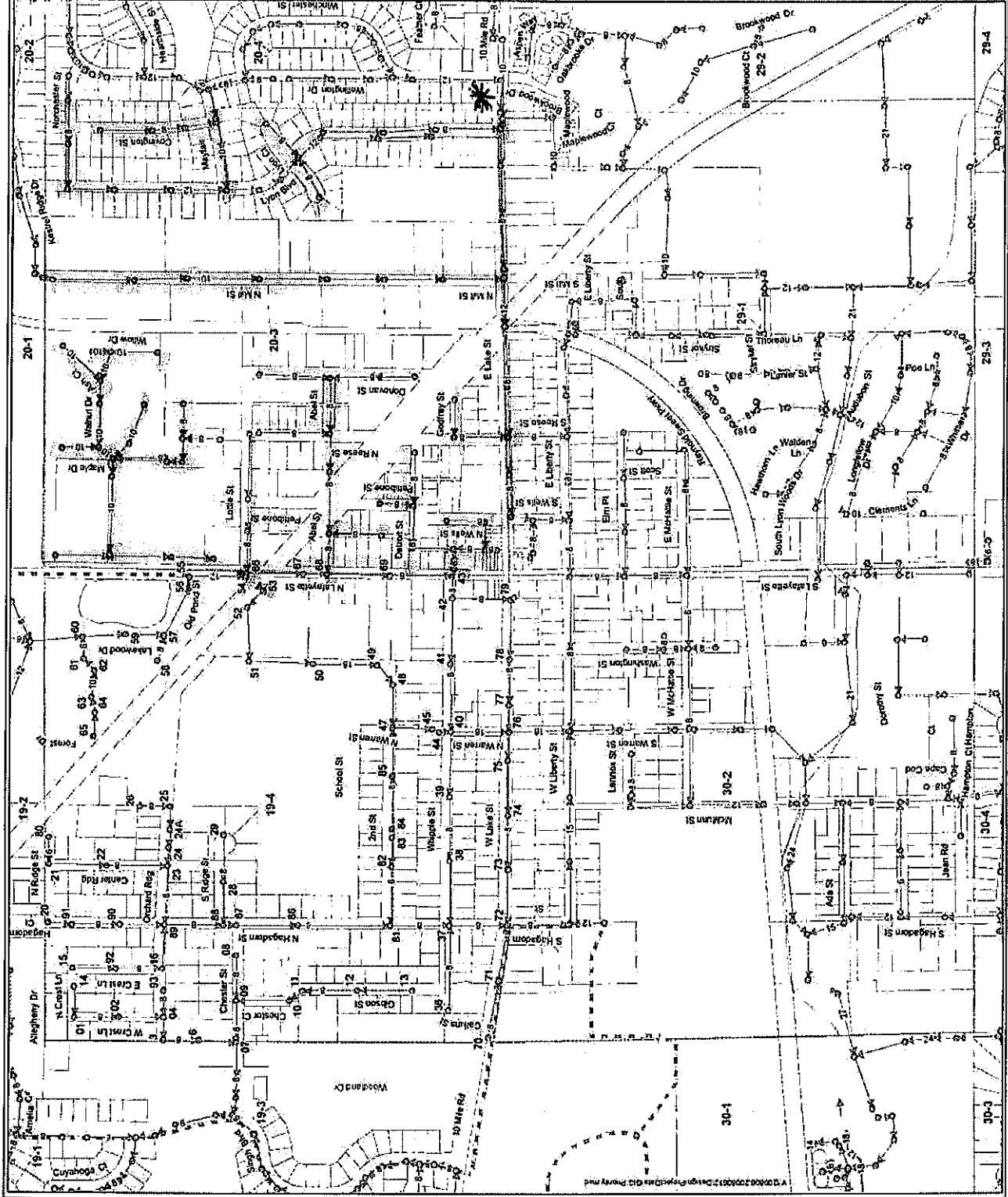
City of South Lyon  
Sanitary Sewer System

- Priority Sections
- Manhole
- Sewer Gravity Main
- Sewage Lift Station
- Force Main

*\*Cleaning &  
Camera Inspection  
(Highlighted Areas)*



EEHRC



**SANITARY SEWER EVALUATION STUDY  
CITY OF SOUTH LYON  
CHANGE ORDER NO. 1**

Date: 4/8/2020  
HRC Job No. 20181082

**ENGINEER:**

Hubbell, Roth & Clark, Inc.  
105 W. Grand River Ave  
Howell, Michigan 48843

**OWNER:**

City of South Lyon  
335 S. Warren Street  
South Lyon, MI, 48178

**CONTRACTOR:**

Pipetek Infrastructure Services  
12119 Levan  
Livonia, MI, 48150

The Contractor is directed to make the following changes in the Contract Documents.

**CHANGE ORDER ITEM 1: ADDITIONAL SEWER CCTV**

Additional sanitary sewer pipe was requested to be televised to further investigate the condition of the sanitary utility. The additional work is to be completed using existing unit prices. *The increased quantities of existing items will be added to the contract with an increased contract amount of \$40,693.75. It is understood by all that a payment recommendation for additional work completed will not be submitted to the City of South Lyon before July 1st, 2020.*

**CHANGE ORDER ITEM 2: Bid Item Summary**

PROPOSAL ITEM NO.	ITEM OF WORK	UNIT	CURRENT CONTRACT QTY	INC(DEC) QTY	NEW CONTRACT QTY	UNIT PRICE	AMOUNT INCREASE	AMOUNT DECREASE
1.	Mobilization	LS	1.00	1.00	2.00	\$1,000.00	\$1,000.00	\$0.00
2.	Clean and Televis with PACP Reporting for 6" diameter sanitary sewer	1ft	380.00	0.00	380.00	\$1.75	\$0.00	\$0.00
3.	Clean and Televis with PACP Reporting for 8" diameter sanitary sewer	1ft	13,296.00	11,595.00	24,891.00	\$1.75	\$20,291.25	\$0.00
4.	Clean and Televis with PACP Reporting for 10" diameter sanitary sewer	1ft	372.00	5,265.00	5,637.00	\$2.00	\$10,530.00	\$0.00
5.	Clean and Televis with PACP Reporting for 12" diameter sanitary sewer	1ft	1,054.00	3,900.00	4,954.00	\$2.00	\$7,800.00	\$0.00
6.	Clean and Televis with PACP Reporting for 18" diameter sanitary sewer	1ft	2,203.00	0.00	2,203.00	\$2.50	\$0.00	\$0.00
7.	Heavy Cleaning, 6-8" Diameter Sewer (Base Bid Amt.)	1ft	4,600.00	4,000.00	8,600.00	\$0.01	\$40.00	\$0.00
8.	Heavy Cleaning, 10-12" Diameter Sewer (Base Bid Amt.)	1in	400.00	3,250.00	3,650.00	\$0.01	\$32.50	\$0.00
9.	Heavy Cleaning, 18" Diameter Sewer (Base Bid Amt.)	1ft	800.00	0.00	800.00	\$0.01	\$0.00	\$0.00
10.	Traffic Maintenance	LS	1.00	1.00	2.00	\$1,000.00	\$1,000.00	\$0.00
	Subtotal -						\$40,693.75	\$0.00
<b>TOTAL NET CHANGE for CHANGE ORDER NO. 2</b>							<b>\$40,693.75</b>	



SANITARY SEWER EVALUATION STUDY  
CITY OF SOUTH LYON  
CHANGE ORDER NO. 1

Date: 4/8/2020  
HRC Job No. 20181082

ENGINEER:

Hubbell, Roth & Clark, Inc.  
105 W. Grand River Ave  
Howell, Michigan 48843

OWNER:

City of South Lyon  
335 S. Warren Street  
South Lyon, MI, 48178

CONTRACTOR:

Pipetek Infrastructure Services  
12119 Levan  
Livonia, MI, 48150

Original Contract Price (as-bid)

\$34,350.50

Total of previous Change Orders to date

\$0.00

Current Contract Price adjusted by the previous Change Orders

\$34,350.50

The Contract Price due to this Change Order will be

\$40,693.75

The revised Contract Price including this Change Order

\$75,044.25

Current Contract Substantial Completion Date:

December 1, 2019

Current Contract Final Completion Date:

December 15, 2019

Change in Substantial Completion Date:

August 1, 2020

Change in Final Completion Date:

August 15, 2020

Recommended By:

*Michael P. Darga*

Michael P. Darga, PE  
Hubbell, Roth & Clark, Inc. ("Engineer")

Date: 4/8/2020

Accepted By:

*Michael Hagan*

Michael Hagan  
Pipetek Infrastructure Services

Date: 4/8/2020

Authorized By:

Douglas Varney, DPW Director  
City of Linden ("Owner")

Date:

## COVID-19 Prevention Tips

As the governor's orders expire and we begin a phased re-opening of our local economy, we want to share the information that can help you to stay safe and protect your family and community from the spread of COVID-19.

**Safer at Home** – Avoid rushing back into public settings, continue to stay at home as much as possible. Even as restrictions ease, please continue protecting yourself as we monitor for any increased exposure risk in our area.

**Social Distancing** – Since the virus could spread by individuals without symptoms, continue practicing social distancing and keep your contact family and close friends that you know well. Avoid contact with those who may be exposed to COVID-19 in their work or the community.

**Face Coverings & Hand Washing** – Wear a mask when you go out unless a health condition makes that difficult. Use hand sanitizer when you are out and wash your hands when you return home. Avoid touching your face.

**Older Adults and High-Risk Individuals** – It is especially important that older adults and those with higher risk of illness take extra precautions to stay safe. You may want to continue to limit contact with grandkids if they have exposure to others in the community.

## Free COVID-19 Testing

Free COVID-19 testing is available in Novi, Pontiac, and Southfield. Contact the Oakland County **Nurse on Call at 1-800-848-5533** to make an appointment.

### Who qualifies for free testing?

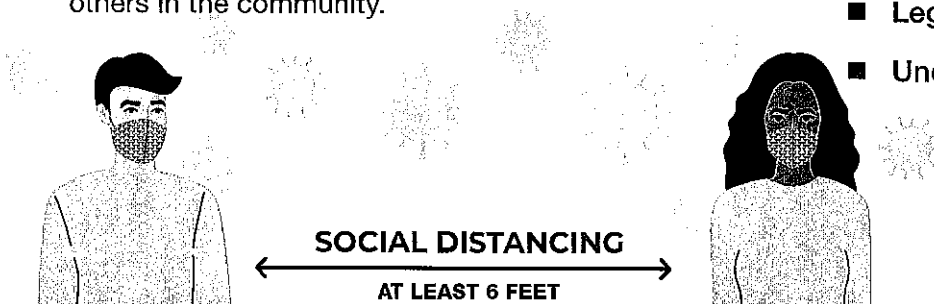
- Any resident of Oakland County 18 years or older

## Community Resources

We are in this together. Help is always available. The county's COVID website has the most up-to-date information for these community resources.

### **OAKGOV.COM/COVID/HELP**

- General COVID-19 information
- Food assistance & meal deliveries for seniors
- Health-related resources
- Mental health & suicide prevention
- Childcare resources for essential workers
- Safety & abuse assistance
- Household & utilities assistance
- Legal & Court resources
- Unemployment Insurance information



**Nurse on Call**  
1-800-848-5533  
noc@oakgov.com

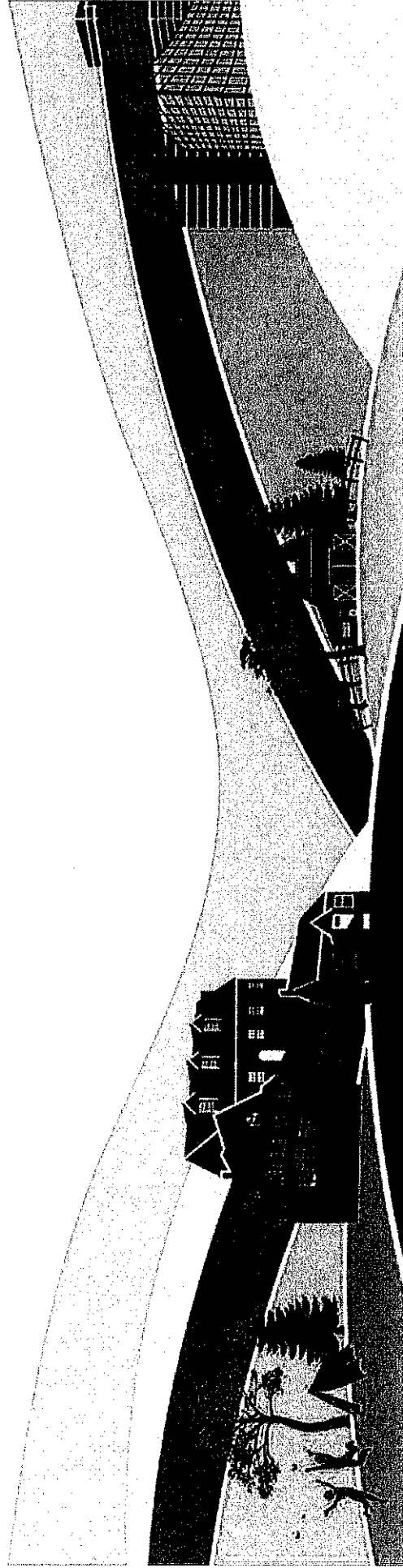
**COVID-19 Website**  
**OakGov.com/COVID**

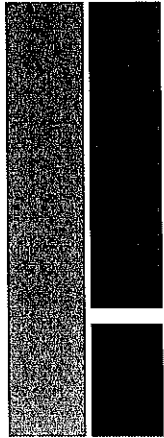
**Help Hotline**  
248-858-1000  
hotline@oakgov.com



# COVID-19 Response

*Status Update: 5/15/2020*

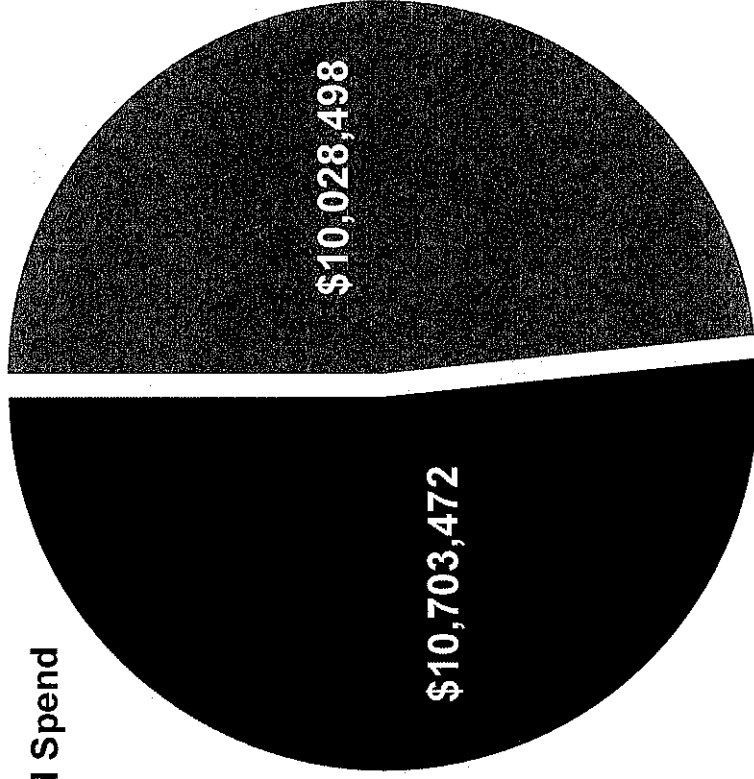




# COVID-19 EXPENDITURES 5/15/20

- COVID-19 Appropriated Spend
- Departmental Costs

Total Expenditures  
\$20,731,970





# EXPENDITURE HIGHLIGHTS

## **Department Expenditures – Related to COVID-19**

- Departmental Cost increased from \$8.12M to \$10.70M
  - Hazardous pay for payroll ending May 8<sup>th</sup> is in the report
  - Hazardous pay accounts for 89.5% of the \$2.58M increase in Dept. expenditures
  - Dept. Operating Costs increased \$269,968 vs the prior week. Related to IT software development cost related to COVID19 response



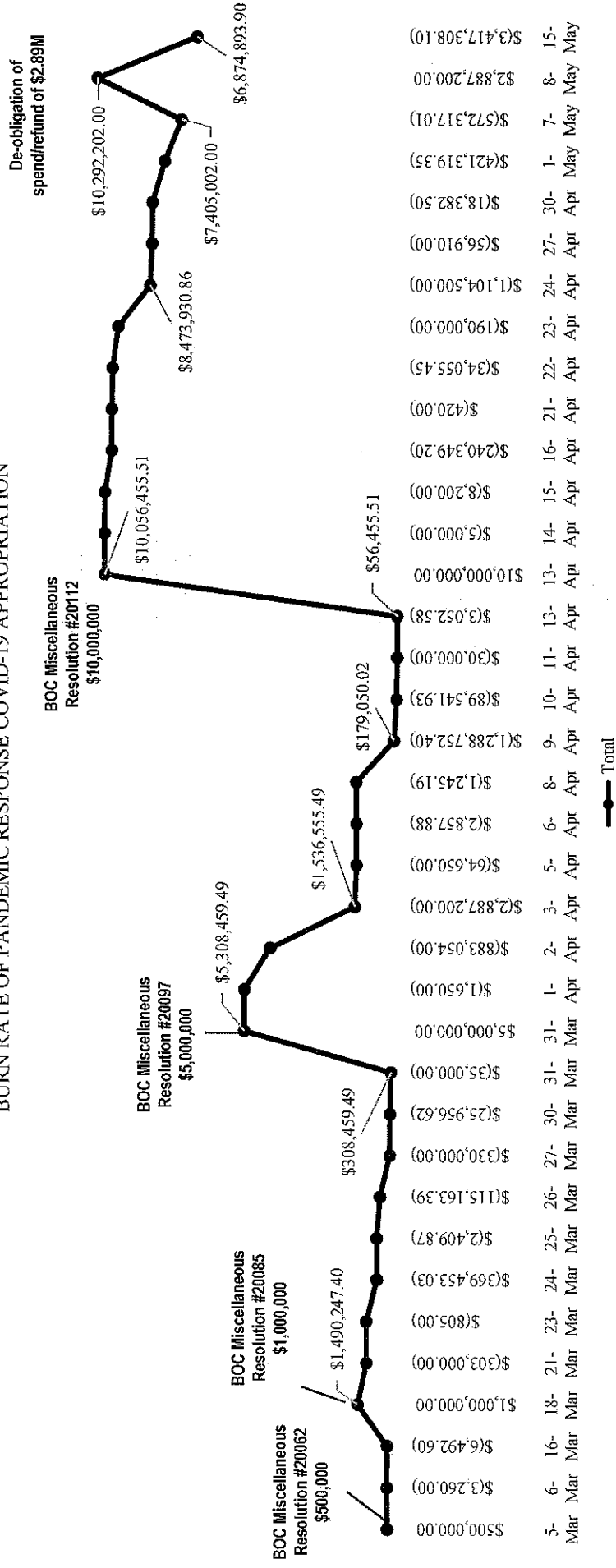
# EXPENDITURE HIGHLIGHTS

## **PPE & Other Expenditures – Related to COVID-19**

- PPE increased from \$5.16M to \$8.96M
  - Major increase vs. prior week report were the result of the following;
    - Surgical gowns that were previously cancelled were reordered
    - In-fared, no touch, thermometers were ordered, in preparation for re-opening
    - Hand Sanitizer
    - Food for vulnerable population
- *Important to note that we continue to provide assistance to hospitals and first responders, but we are starting to add PPE purchasing support for our County government and PPE support for our business community.*

# Pandemic Response Appropriation – 3/5/20 thru 5/15/20

## BURN RATE OF PANDEMIC RESPONSE COVID-19 APPROPRIATION



## Small Business Stabilization Fund

### Small Business Stabilization Fund – \$14 Million

- MEDC Grant awarded to Oakland County for \$1.15M on April 25<sup>th</sup>
- Oakland BOC matched with \$1.15 on April 30<sup>th</sup>
- 7300+ Applications received at deadline requesting \$80 million in funding
- 12 Community districts provided recommendations to award 797 grants
- County Executive received support from BOC for \$11.7 million in additional funding
- 12 Community districts reconvened to review and enhance existing awards and award additional grants
- All 12 districts recommendation for grant award and increases to original awards have been advanced to the County Executive for review and approval



## Slide 6

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### MG4

Did not touch this slide either. Need to have more information in order to do that  
Morgan Grondin, 5/17/2020

# Small Business Stabilization Fund

## Saving Businesses Saving Lives Grant – PPE - \$1M

- Oakland BOC approved \$700k in grants for Oakland companies that transformed operations to provide critical Personal Protection Equipment
- Over 35 applications received
- Awards to date totaling \$419,300
  - Detroit Sewn, Pontiac – Masks - \$25k
  - Vaughn Custom Sports – Oxford - Gowns - \$50k
  - Oxus America – Auburn Hills – Oxygen concentrators - \$100k
  - Connexion DBA Tangico – Pontiac – Face shields - \$5k
  - PolyFlex Products – Farmington Hills – Face shields - \$90k
  - SignaRama – Troy – Face shields - \$17.3k
  - Acme Mills – Bloomfield Hills – Gowns/Face masks - \$50k
  - RPB Safety – Royal Oak – Respirators/HEPA filters - \$82k
- Additional Funding of \$300k provided to continue successful grant program

## Slide 7

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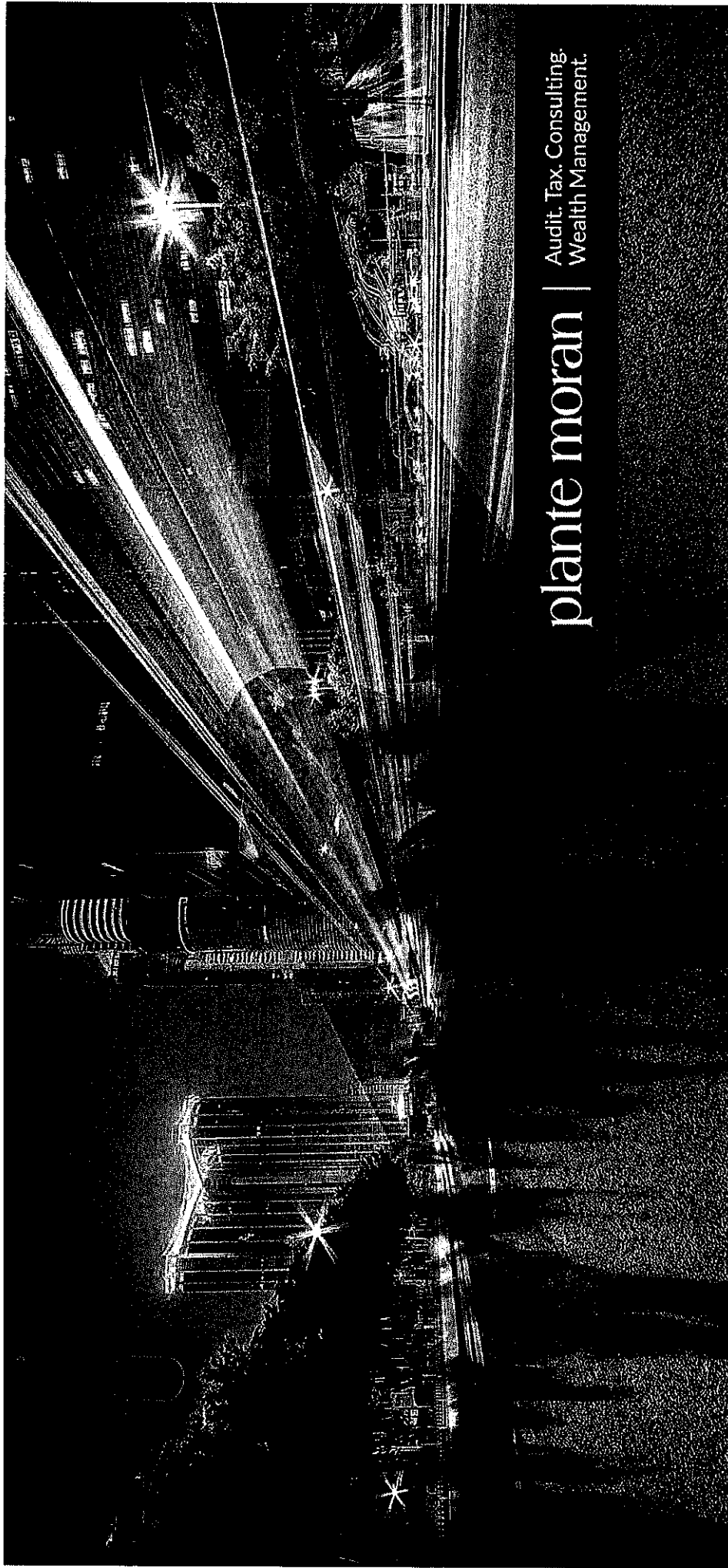
### MG3

Did not change this at all. Do not have enough information  
Morgan Grondin, 5/17/2020

# Reimbursement Strategy

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- **FEMA** reimburses at a 75% rate (discussions to move to higher rate)
  - 75% of \$20.7 million would be covered
  - Oakland County Fund Balance use of \$1.85 million to create the Small Business Stabilization Fund **is not eligible** for reimbursement
- **CARES Act** guidance preliminary review indicates that
  - 99.7% of \$20.7 million is eligible for reimbursement
  - PPE and Departmental Costs covered
  - Oakland County Fund Balance use of \$1.85 million to create the Small Business Stabilization Fund **is 100% eligible** for reimbursement
- Executive team being assembled to ensure we effectively utilize the reimbursement mechanisms available



plante moran | Audit. Tax. Consulting.  
Wealth Management.

# City of South Lyon Utility Rate Model

FY2021 to FY2030



# Utility Rate Model - Objectives

- Although City has raised utility rates over the years, the City has not reevaluated the fixed meter charge or the minimum usage requirement in a very long time.
- Based on recommendations from the City's engineers, the City is planning significant capital outlay in the near future to both the Water and Sewer systems. The existing cash on hand and rates are not sufficient to pay for all of the necessary system improvements.
- The model will calculate the necessary rate increases over 10 years in order to pay for the capital outlay and maintain existing cash reserves. This will be accomplished without new long-term debt (bonds), thereby saving hundreds of thousands of dollars in interest expense.



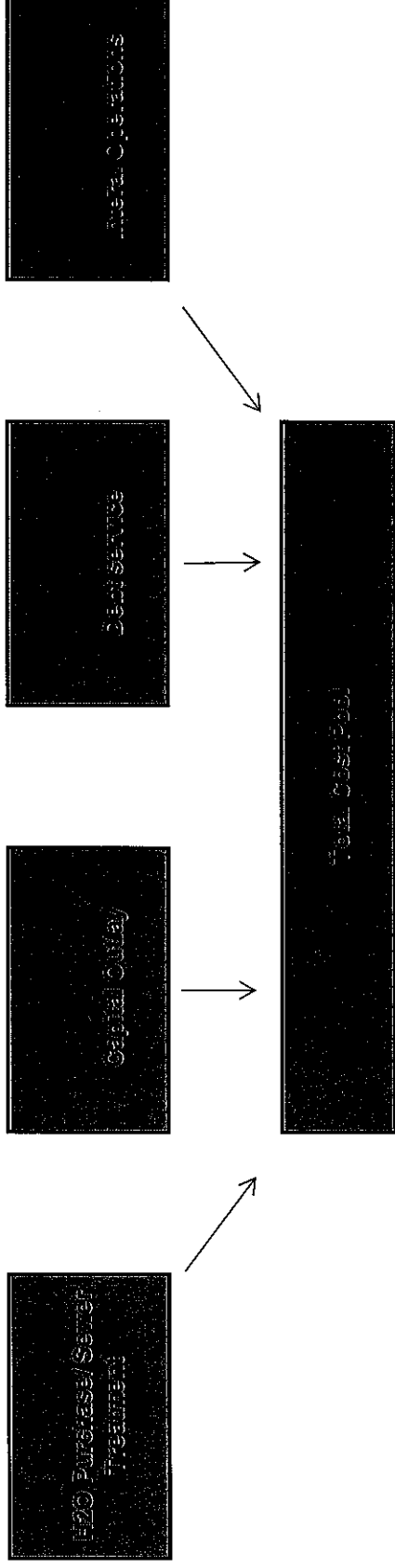
# Utility Rate Model

- **“Cash-needs Basis”** – The model sets rates based on anticipated cash needs. Depreciation and accrual accounting is excluded from the model. This method requires the City to maintain lower cash reserves (and lower utility rates) than it would if rates were set to fund depreciation expense.
- **10 years (2021-2030)** – By utilizing a 10 year projection, the City is paying for capital improvements over a long enough period of time that the cost of these improvements will be borne by the customers of the system who will benefit from the improvements in future years (and may not even live in the city yet).
- **Change in fee methodology (philosophy)** – There is no single “right” way to set rates; however, there are inherent risks in setting rates that include minimum usage requirements. The model suggests a change to the overall methodology the City utilizes - A higher fixed fee (called a “Readiness to Serve” charge or RTS) and a variable rate for every unit used.



# Rate Model - Step 1

## Calculate the Total Cost Pool

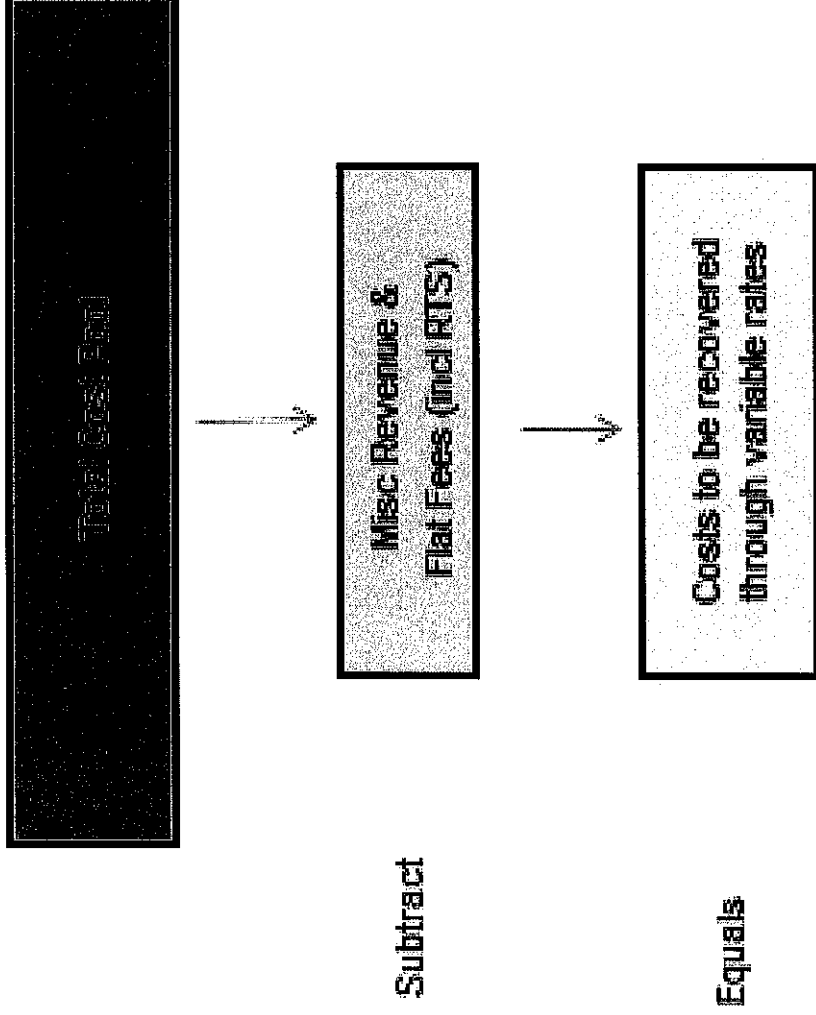






# Rate Model – Step 2

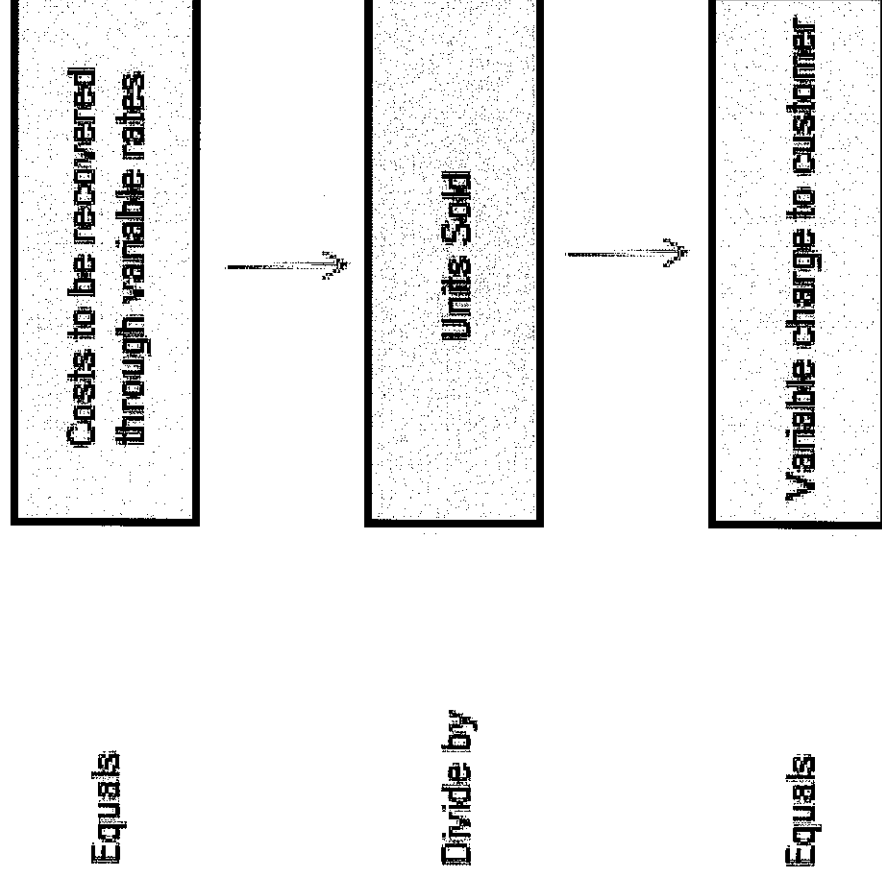
## Calculate the “Readiness To Serve” charge





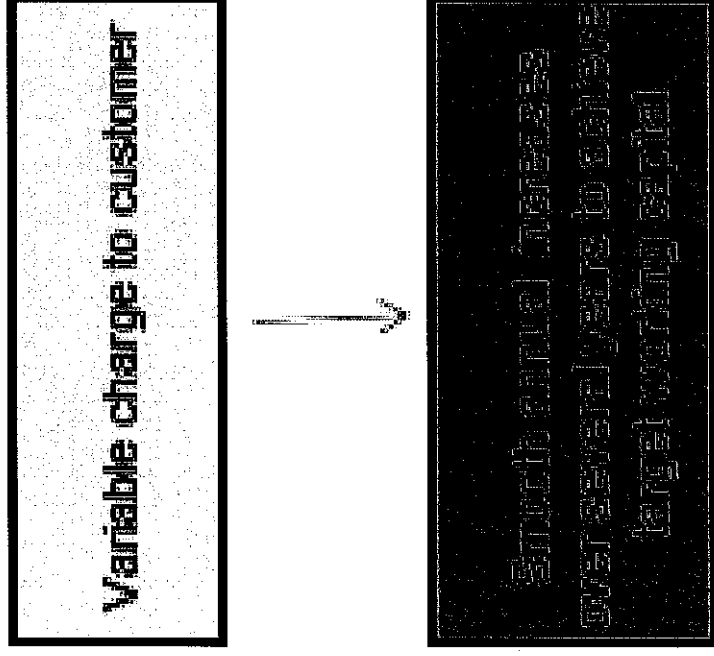
# Rate Model - Step 3

## Calculate the Variable Rate





# Rate Model – Step 4 (Multi-Year Models)





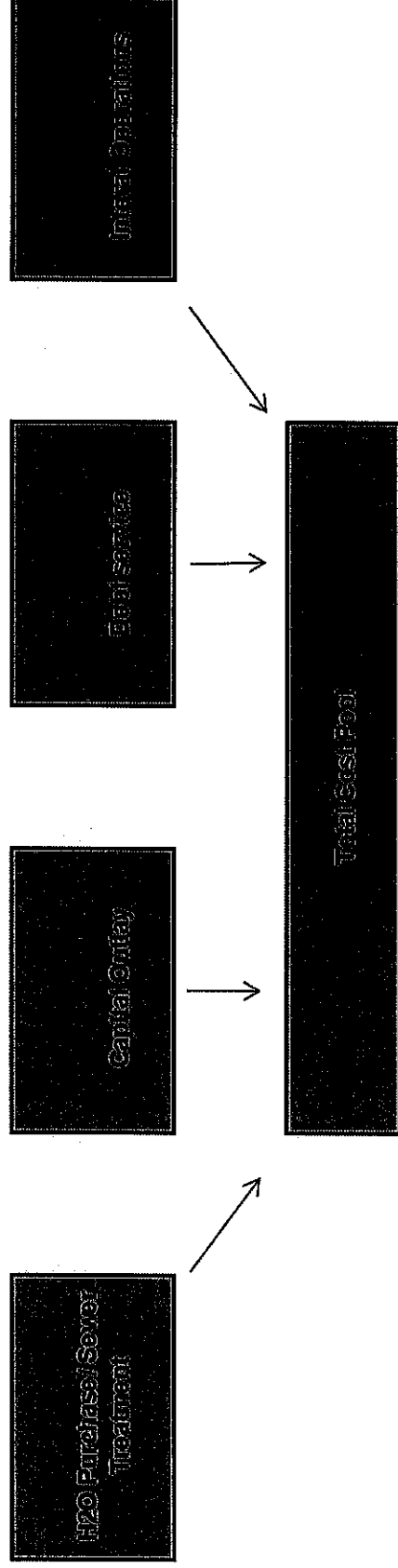
# What is “Target Working Capital”?

- Maintain some amount of cash and current assets (net of liabilities) in the bank at the end of the model.
- 4 “buckets” of working capital
  1. Operating reserve – 120 days
  2. One year of debt service payments
  3. Emergency capital replacement
  4. Planned capital replacement
- After everything is said and done after 10 years, the City will maintain its current amount of working capital



# Rate Model – Step 1

## Calculate the Total Cost Pool





# Rate Model – Step 1

## Calculate the Total Cost Pool

- Internal Operations – No substantial change to internal operations or costs. Inflationary cost increases.
- Debt service – No new debt issued in next 10 years.
  - 2003 wastewater loan paid off in 2026
  - 2013 water loan paid off in 2034
- The City's existing cash reserves make self-financing possible. After 10 years, City will be in a financial position to self-finance again for the next wave of capital improvements.



# Rate Model – Step 1

## Calculate the Total Cost Pool

- Planned Capital Outlay is substantial
  - Water - \$7.6M
  - Wastewater - \$3.6M

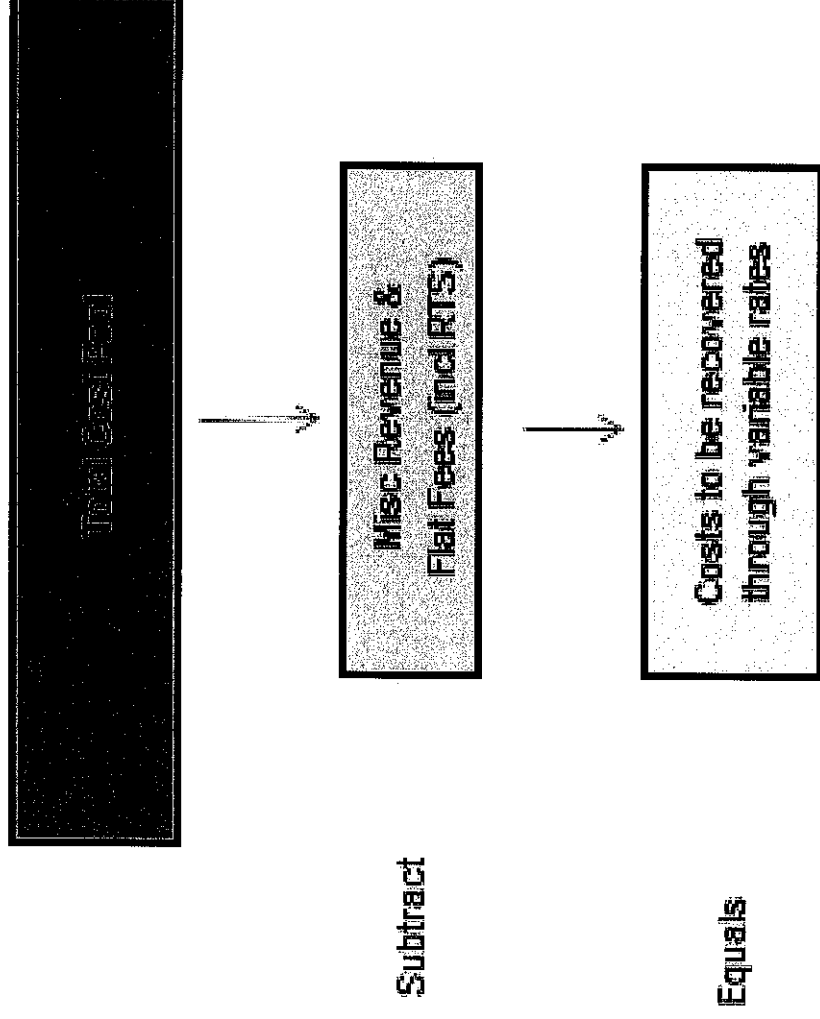
List of capital projects found on pg 2 and 3 of written deliverable report (currently in DRAFT form).

Capital projects are the primary cause of the calculated rate increases.



# Rate Model - Step 2

## Calculate the "Readiness To Serve" charge

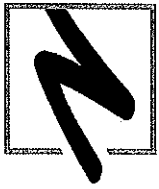






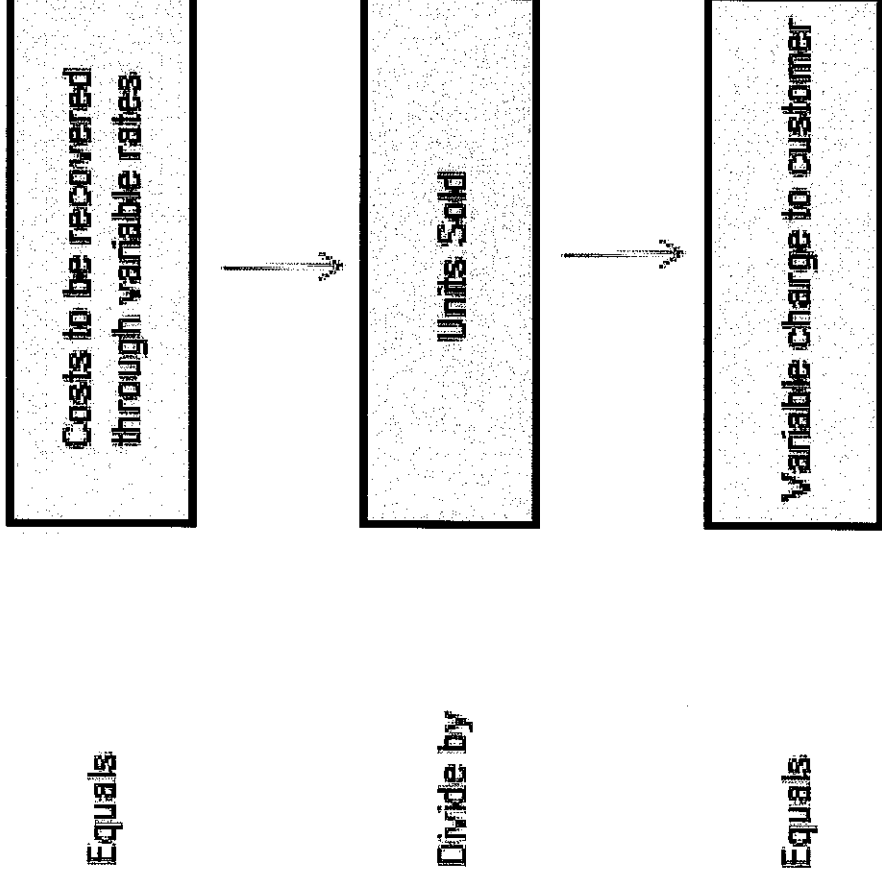
# Readiness to Serve Charge

- A “fixed” or “flat” charge to every customer. This pays for some or all of the City’s internal operational costs (costs that the City has to pay for regardless of how much water or treatment it sells).
- This will replace South Lyon’s \$6/quarter meter charge and some of the effect of the minimum usage requirement.
- The model calculates the RTS on a graduated scale driven by the size of the customer’s meter, based on recommendations from the American Water and Wastewater Association. A bigger meter pays a higher RTS.
- The City has to decide how much of its internal operational costs will be recouped through the RTS (0-100%).
- We have completed the model under 2 scenarios: RTS will cover either 10% or 25% of internal operational costs.



# Rate Model – Step 3

## Calculate the Variable Rate





# Rate Model – Step 3

## Calculate the Variable Rate

- Estimate the volume of water to be sold, sewer to be sold

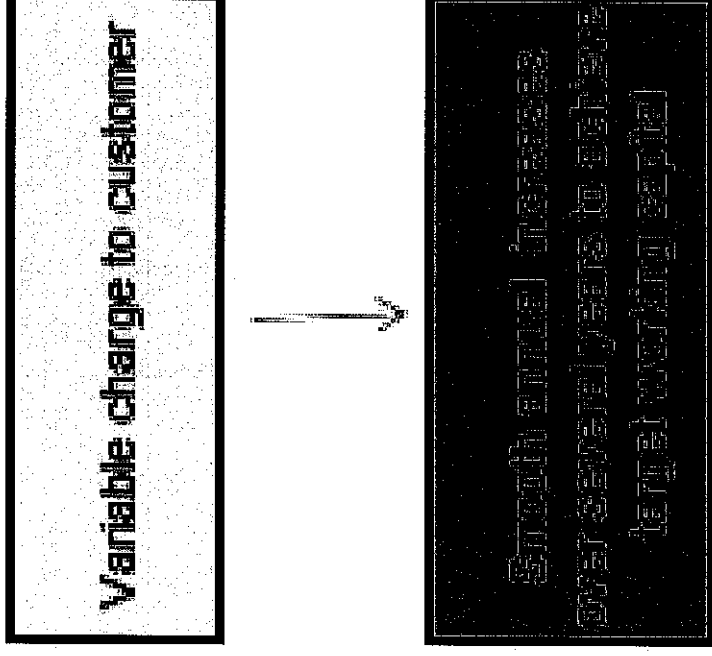
Year Ended <u>June 30</u>	Units Sold
2015	344,218
2016	374,278
2017	385,037
2018	389,307
2019	384,431

Year Ended <u>June 30</u>	Units Sold
2015	292,298
2016	292,709
2017	286,113
2018	290,117
2019	294,520

- Model assumes City will keep its summer sewer billing methodology
- Model assumes future sales will be consistent with 2 year average (FY18 and FY19). Impact of additional future customers is negligible.



# Rate Model – Step 4 (Multi-Year Models)





# Working Capital

- Beginning of Model:
  - Water - \$2.6M
  - Sewer - \$6.2M
- Water's planned capital outlay is substantially higher than Sewer's, but Sewer has more working capital to start with.
- Although Water and Sewer are separate activities and the model treats them independently, the City maintains both activities in the same Fund (this is OK).
- Water will "borrow" from Sewer to pay for capital, but will repay it over the 10 years of the model.
- At the end of 10 years, Water has fully repaid Sewer and both have maintained their original \$2.6M and \$6.2M of working capital.



# Water Working Capital

Water Rate Calculation											
Fiscal Year Ended	Forecast 2021	Forecast 2022	Forecast 2023	Forecast 2024	Forecast 2025	Forecast 2026	Forecast 2027	Forecast 2028	Forecast 2029	Forecast 2030	
Beginning of Year Working Capital	2,578,789	(1,316,230)	(3,357,502)	(3,114,718)	(2,612,616)	(2,468,183)	(1,717,731)	(856,958)	149,359	1,292,307	
Units used by customers	387,000	387,000	387,000	387,000	387,000	387,000	387,000	387,000	387,000	387,000	
Rate Charged	2.67	2.89	3.13	3.39	3.67	3.98	4.31	4.67	5.06	5.48	
Sale of Water Total	1,031,450	1,117,507	1,210,744	1,311,761	1,421,205	1,539,781	1,668,250	1,807,437	1,958,237	2,121,619	
Ready to Serve Charge	192,829	197,751	202,844	208,116	213,573	219,225	225,080	231,148	237,438	243,962	
Miscellaneous Other revenue	57,267	58,224	59,198	60,188	61,196	62,220	63,263	64,323	65,401	66,497	
Total addition to cash	1,281,545	1,373,483	1,472,787	1,580,065	1,695,974	1,821,226	1,956,592	2,102,907	2,261,076	2,432,078	
Internal Operational Costs	771,314	791,005	811,378	832,462	854,291	876,899	900,319	924,591	949,753	975,846	
Capital improvements	4,235,500	2,452,000	250,000	75,000	525,000	25,000	25,000	-	-	-	
Annual debt service	169,750	171,750	168,625	170,500	172,250	168,875	170,500	172,000	168,375	169,750	
Total use of cash	5,176,564	3,414,755	1,230,003	1,077,962	1,551,541	1,070,774	1,095,819	1,096,591	1,118,128	1,145,596	
Net addition (use) of cash	(3,895,019)	(2,041,272)	242,784	502,102	144,432	750,452	860,773	1,006,317	1,142,948	1,286,482	
End of Year Working Capital	(1,316,230)	(3,357,502)	(3,114,718)	(2,612,616)	(2,468,183)	(1,717,731)	(856,958)	149,359	1,292,307	2,578,789	



# Sewer Working Capital

Sewer Rate Calculation											
Fiscal Year Ended	Forecast 2021	Forecast 2022	Forecast 2023	Forecast 2024	Forecast 2025	Forecast 2026	Forecast 2027	Forecast 2028	Forecast 2029	Forecast 2030	
Beginning of Year Working Capital	6,214,015	6,249,220	6,013,272	5,636,934	5,058,945	4,989,014	5,106,824	5,337,028	5,604,244	5,896,058	
Units used by customers	292,000	292,000	292,000	292,000	292,000	292,000	292,000	292,000	292,000	292,000	
Rate Charged	4.62	4.72	4.83	4.93	5.04	5.16	5.27	5.39	5.51	5.63	
Sale of Sewer Total	1,349,098	1,379,004	1,409,574	1,440,821	1,472,761	1,505,408	1,538,780	1,572,891	1,607,759	1,643,399	
Ready to Serve Charge	353,720	362,725	372,036	381,666	391,629	401,939	412,613	423,666	435,115	446,979	
Miscellaneous Other revenue	1,146,595	1,149,090	1,150,382	1,151,060	1,151,130	1,148,004	63,263	64,323	65,401	66,497	
Total addition to cash	2,849,412	2,890,820	2,931,992	2,973,548	3,015,519	3,055,352	2,014,655	2,060,879	2,108,274	2,156,875	
Internal Operational Costs	1,414,879	1,450,902	1,488,146	1,526,665	1,566,516	1,607,758	1,650,452	1,694,663	1,740,461	1,787,917	
Capital improvements	310,000	585,000	729,000	934,000	429,000	244,000	134,000	99,000	76,000	51,000	
Annual debt service	1,089,328	1,090,866	1,091,184	1,090,872	1,089,934	1,085,784	-	-	-	-	
Total use of cash	2,814,207	3,126,768	3,308,330	3,551,537	3,085,450	2,937,542	1,784,452	1,793,663	1,816,461	1,838,917	
Net addition (use) of cash	35,205	(235,948)	(376,338)	(577,990)	(69,931)	117,811	230,204	267,216	291,813	317,958	
End of Year Working Capital	6,249,220	6,013,272	5,636,934	5,058,945	4,989,014	5,106,824	5,337,028	5,604,244	5,896,058	6,214,015	



# Combined Water/Sewer Working Capital

	Estimated 2020	Forecast 2021	Forecast 2022	Forecast 2023	Forecast 2024	Forecast 2025	Forecast 2026	Forecast 2027	Forecast 2028	Forecast 2029	Forecast 2030
Water - End of Year Working Capital	2,578,789	(1,316,230)	(3,357,502)	(3,114,718)	(2,612,616)	(2,468,183)	(1,717,731)	(856,958)	149,359	1,292,307	2,578,789
Sewer - End of Year Working Capital	6,214,015	6,249,220	6,013,272	5,636,934	5,058,945	4,989,014	5,106,824	5,337,028	5,604,244	5,896,058	6,214,015
Total Working Capital	8,792,804	4,932,990	2,655,770	2,522,216	2,446,329	2,520,831	3,389,094	4,480,070	5,753,603	7,188,365	8,792,804

The model begins and ends with \$8.8M of working capital. During the course of the decade, the Water operations borrow from Sewer to pay for the initial capital outlay and then pays Sewer back in full.

This internal financing prevents the City from issuing bonds and paying hundreds of thousands in interest expense to external lenders.





# Rate Changes

- Year 1 changes are more severe because of the implementation of the RTS and elimination of minimum usage. Some customers could see a rate **DECREASE** while others see a rate **INCREASE**.
- Year 2 and forward, rates change the same for everyone. Everyone sees a rate increase.



# Rate Changes - Revised

			Option 1 10% of Internal Operational Expenses to be recouped through RTS Charge	Option 2 25% of Internal Operational Expenses to be recouped through RTS Charge	Option 3 18% of Internal Operational Expenses to be recouped through RTS Charge
		Current Minimum Bill (3/4" line)			
Water					
Usage Charge	\$2.46/unit	\$17.71	\$2.70/unit 10%	\$2.67/unit 9%	\$2.68/unit 9%
Sewer					
Usage Charge	\$4.52/unit	\$32.54	\$4.74/unit 5%	\$4.62/unit 2%	\$4.68/unit 3.5%
Water - Ready to Serve	\$6.00/quarter	\$6.00			
3/4"			\$4.67/quarter	\$11.67/quarter	\$8.40/quarter
1"			\$4.67/quarter	\$11.67/quarter	\$8.40/quarter
1.5"			\$9.34/quarter	\$23.34/quarter	\$16.80/quarter
2"			\$14.94/quarter	\$37.34/quarter	\$26.89/quarter
3"			\$29.87/quarter	\$74.69/quarter	\$53.77/quarter
4"			\$46.68/quarter	\$116.70/quarter	\$84.02/quarter
Sewer - Ready to Serve					
3/4"			\$8.56/quarter	\$21.41/quarter	\$15.41/quarter
1"			\$8.56/quarter	\$21.41/quarter	\$15.41/quarter
1.5"			\$17.13/quarter	\$42.81/quarter	\$30.83/quarter
2"			\$27.40/quarter	\$68.50/quarter	\$49.32/quarter
3"			\$54.80/quarter	\$137.00/quarter	\$98.64/quarter
4"			\$85.63/quarter	\$214.06/quarter	\$154.13/quarter



# Example Customer #1-Revised

Residential, low volume

	RTS/Meter	Water	Sewer	Total	% Increase(Decrease)	
					Current/Future Years	
Current	\$ 6.00	\$ 17.71	\$ 32.54	\$ 56.25		
Option 1	\$ 13.23	\$ 11.95	\$ 20.97	\$ 46.15		(18%)/+6%
Option 2	\$ 33.08	\$ 11.81	\$ 20.44	\$ 65.33		+16%/+4%
Option 3	\$ 23.81	\$ 11.86	\$ 20.71	\$ 56.38		0%/5%

Under all 3 Options, the customer pays more in RTS than it did in meter charge, but the variable charge for both Water and Sewer is now lower because of the elimination of minimum usage requirement.

In Option 1, this customer pays less than they did under the City's existing rate structure. This is our only example of a customer paying less with the new rate structure.

In Option 3, the customer pays 13 cents more per year than under existing rates.



# Example Customer #2-Revised

Residential, high volume

	RTS/Meter	Water	Sewer	Total	% Increase Current/Future Years
Current	\$ 6.00	\$ 56.75	\$ 109.25	\$ 172.00	
Option 1	\$ 13.23	\$ 69.39	\$ 121.82	\$ 204.44	+19%/+6%
Option 2	\$ 33.08	\$ 68.62	\$ 118.73	\$ 220.43	+28%/+4%
Option 3	23.81	68.88	120.28	\$ 212.97	+24%/6%



# Example Customer #3 - Revised

Commercial (2 inch), high volume

	RTS/Meter	Water	Sewer	Total	% Increase Current/Future Years
Current	\$ 6.00	\$2,853.42	\$5,242.86	\$8,102.28	
Option 1	\$ 42.34	\$3,131.80	\$5,498.04	\$8,672.18	+7%/+7%
Option 2	\$ 105.84	\$3,097.00	\$5,358.85	\$8,561.69	+6%/+5%
Option 3	76.21	3108.6	5428.45	\$8,613.26	+6%/+6%



# Example Customer #4 - Revised

Commercial (2 inch), low volume

	RTS/Meter	Water	Sewer	Total	% Increase Current/Future Years
Current	\$ 6.00	\$ 517.28	\$ 950.44	\$1,473.72	
Option 1	\$ 42.34	\$ 567.74	\$ 996.70	\$1,606.78	+9%/+7%
Option 2	\$ 105.84	\$ 561.43	\$ 971.47	\$1,638.74	+11%/+4%
Option 3	76.21	563.54	984.09	\$1,623.84	+10%/+6%



# Next Steps - Revised

1. Model needs to be finalized –
  1. City makes decision on RTS (10%, 25%, or 18%)
  2. PM updates model and written report
  3. PM Standards Department performs quality control review
  4. PM publishes written report; delivers written report and model to City
2. Rate model increases included in FY21 City budget
3. City Council approves rate increase



# Thank you for the opportunity to serve the City of South Lyon

For more information, please contact:

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