

CITY OF SOUTH LYON
REGULAR CITY COUNCIL MEETING
July 13, 2009

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

Mayor Doyle led those present in the Pledge of Allegiance to the Flag

PRESENT: Mayor Doyle
Council Members: Kivell, Kopkowski, Maida, Morelli, Selden and Wedell
Attorney Lee
City Clerk/Treasurer Zemke
Department Heads: Collins, Renwick and Martin
ABSENT: City Manager Murphy

APPROVAL OF MINUTES:

Councilman Kivell stated that on the last page of the minutes where he discussed fire hydrants in private developments, there are two corrections. His comment "the hydrant would remain the responsibility of the private development and would be subject to compliance with code", should actually read "Fire Code". The very next sentence should read "...maintenance would ensure the reliability as well as health and safety...", not liability.

CM 7-1-09- APPROVAL OF MINUTES – JUNE 22, 2009

Motion by Kivell supported by Maida

To approve the minutes of the regular meeting of June 22, 2009 as amended

VOTE: MOTION CARRIED UNANIMOUSLY

APPROVAL OF MONTHLY BILLS:

Discussion was held on various bills.

CM 7-2-09 – APPROVAL OF MONTHLY BILLS

Motion by Selden supported by Maida

To approve the monthly bills as presented

VOTE: MOTION CARRIED UNANIMOUSLY

APPROVAL OF AGENDA

CM 7-3-09 – APPROVAL OF AGENDA

Motion by Kivell, supported by Wedell

To approve the agenda as presented

VOTE: MOTION CARRIED UNANIMOUSLY

CITIZENS SUGGESTIONS:

James Planky of Salem Township and member of the VFW stated that the VFW has been experiencing a flooding problem for at least the last two years. They have traced the problem down to where the drainage goes from the VFW to Brown's Rootbeer. There are two 8 inch pipes that go in and a 12 inch that goes out that is full of cement. Superintendent Renwick stated that we are aware of it. It does have concrete in it and it will take considerable work to get it out. The question was asked if we know where it came from. Superintendent Renwick stated that we do not. At some point it was probably been washed into the drain from a clean up or something similar. He further stated that we will look into it.

OLD BUSINESS:

1. Liquor License Transfer

CM 7-4-09 – LIQUOR LICENSE TRANSFER – SCREWIE LOUIE'S TO MALAKA, INC.

Motion by Morelli, supported by Kivell

That the request to transfer ownership of 2008 Class C-SDM licensed business (in escrow) with Dance-Entertainment and Official Permit (food) located at 106 S. Lafayette, South Lyon, MI 48178, Oakland, from Screwie Louie's, Inc. to Malaka, Inc. be considered for issuance

VOTE:

MOTION CARRIED UNANIMOUSLY

CM 7-5-09 – LIQUOR LICENSE TRANSFER – MALAKA, INC. TO CROSSROADS GRILLE, LLC

Motion by Wedell, supported by Kopkowski

That the request to transfer ownership of 2008 Class C-SDM licensed business (in escrow) with Dance-Entertainment and Official Permit (food) located at 106 S. Lafayette, South Lyon, MI 48178, Oakland, from Malaka, Inc. to Crossroads Grille, LLC be considered for issuance

VOTE:

MOTION CARRIED UNANIMOUSLY

CM 7-6-09 – AUTHORIZE LETTER TO LCC

Motion by Selden, supported by Maida

To authorize the letter to the Liquor Control Commission as prepared by the City Clerk

VOTE:

MOTION CARRIED UNANIMOUSLY

NEW BUSINESS:

2. MML 111th Convention.

Council Members Morelli, Selden and Wedell indicated that they would be attending the convention. The remaining members indicated that they would let the City Clerk know prior to the deadline.

3. Agreement with South Lyon Community Schools for the Senior Citizen Program

Councilman Kivell stated that he would like this contract presented to Council prior to the adoption of the budget in future years.

CM 7-7-09 – APPROVAL OF CONTRACT FOR SENIOR CITIZEN PROGRAM

Motion by Selden, supported by Maida

To approve the contract with the South Lyon Community Schools for the Senior Citizen Program in the amount of \$46,474

VOTE:

MOTION CARRIED UNANIMOUSLY

4. Stand-By Power for Three (3) Sewage Lift Stations

Superintendent Martin stated that he is seeking approval to purchase three stand-by generators for our lift stations at Trotter's Pointe, Eagle Heights and Hidden Creek. The last two that we purchased, we worked closely with Consumer's Energy. The bids that we are looking at tonight are the same as we achieved in July 2008. We will not exceed the amount that we put in the budget, and possibly may be \$2-3,000 less.

The question was asked when these may be installed. Superintendent Martin stated that it will be 8-10 weeks delivery after we submit the paperwork. We hope to have them installed by mid October.

Mayor Doyle stated that this will save a lot of money in the long run in employee time, etc.

Councilman Selden asked if this will give us a surplus of portable generators. Superintendent Martin stated that we will have three. It will give us back-up for the stand-by generators. At any point Council wishes, we could sell one of those generators.

Councilman Kivell stated that this was in the budget and is coming out of the enterprise fund which is exactly what the fund is for. It was also factored into the new rates that were recently approved. He further stated that he had asked about the need to have these units hooked into natural gas. Superintendent Martin indicated that the monthly cost to have the service was \$12-17 per month. Superintendent Martin stated that these are very dependable and do not have to be manned while they are running. If it did shut down, there is an alarm at which point we can call our people in. It was further stated that it is cheaper to run than diesel.

CM 7-8-09 – APPROVAL TO PURCHASE THREE (3) STAND-BY GENERATORS

Motion by Kivell, supported by Wedell

To approve the bid from Consumers Energy for the purchase and installation of three (3) stand-by generators for a total not to exceed \$112,067

VOTE:

MOTION CARRIED UNANIMOUSLY

5. DWRF Design Proposal.

Mr. Jessee VanDeCreek of Hubbel, Roth and Clark stated that in March they prepared the draft project plan and a public hearing was held in April. May 1st that plan was submitted under the DWRF (Drinking Water Revolving Loan Fund) program. It is much like the State Revolving Loan Fund program that the City utilized to expand the wastewater facilities. Now we are looking at the DWRF to finance improvements to not only the water treatment plant but the distribution system as well. They saw this as a two segment project with segment one being the distribution system and segment two the majority of the work considered treatment both at the plant and the storage facilities. The State has told us that they are approving segment one. The total cost of both segments was approximately \$10 million. Segment one is approximately \$6 million of that \$10 million. We have also been told that segment one may qualify for green funding which is a result of the ARRA (American Recovery and Reinvestment) Act. We were not aware of how those funds would be applied, and the State still is not clear on who will be capable of capturing those funds. The key is to be on the project priority list, which we are for segment one. The next step is to find out if we qualify for the green initiative. One of the things we were asked is if we are going to be prepared to construct this in the first quarter 2010. The point of the ARRA Act was to create stimulus and get work going as fast as possible. The only projects to be considered for those funds, which would include up to 40% principal forgiveness are projects that will be ready for construction by that first quarter 2010 or March next year. He presented a schedule or time frame. Part one of the application includes 80% construction drawings. Part two is final plans. He stated that the proposal that he has submitted to Council was an overall intention to apply and capture the funds that are available to us. Segment one is replacing approximately five miles of four inch and six inch antiquated main. In order to have plans 80% complete to submit to the State, we need to start the survey work as soon as possible. The total engineering budget for this project includes the construction engineering we are not looking for that right

now. We need to have the preliminary topography done and the design done so that we can submit to the State to ask for that 40% principal forgiveness. This is for the 2010 DWRP year. We can do this in any quarter and would qualify for the DWRP which would turn into a 20 year payback period at hopefully less than 2% interest. The sooner the better if you want to qualify for the additional monies that may be available beyond the low interest loan. He further discussed Phase 1 and Phase 2 of Segment 1.

Mayor Doyle asked if we move forward and find out that the funds will not be there or we are not comfortable moving forward, will the engineering still be good to move forward at a later date. Mr. VanDeCreek stated that it would be. He stated that the part of the City that we are talking about are in the most aged part of town with a lot of "spaghetti" of old utilities. Those utilities are not moving and once the engineering is obtained, it could be submitted in a subsequent quarter. Because of this money, the State has received over 53 applications, when they usually receive approximately 30 so they are overwhelmed. We do not have a project priority list to tell us which number we are, but the ARRA funds have not been decided on either yet. We have been identified as "green" based on significant water savings as a result of this project, elimination of double digit water loss, etc.

Councilman Morelli asked what happens if we do not do this at all. Superintendent Martin stated that the part of the City that we are looking at is 4-6 inch water lines. We have had breaks in a lot of these lines. Even though we say these are 4-6 inch mains, the insides are much smaller. At some point in time, we are going to need to address these older lines, and if we can get this money at up to 40% forgiveness, then that is the way to go. We could get through without it, but we will keep experiencing broken lines.

Councilman Morelli asked if this is something that has to come from the Water fund. Superintendent Martin stated that it would have to go through our Water Repair fund. Councilman Kivell stated that in the past, General Fund lent money to the Capital Improvement Fund. Councilman Wedell stated that a lot of communities are having difficulties because of that very issue.

Councilman Morelli stated that we are talking about "maybe" up to 40% forgiveness, but he is not convinced that this is the time to do it.

Discussion was held on the areas of the City this would be for. Mr. VanDeCreek stated that it is primarily the entire downtown area. Anything built prior to 1950 would be six inch or less. Superintendent Martin stated that it would also include, Gibson, Whipple, Lyon Blvd., etc. Superintendent Renwick stated that a lot of the Hagadorn area has already been replaced.

Councilman Wedell asked what the balance is in the Water and Sewer Repair Fund. Superintendent Martin stated that he is not sure at this time.

Mayor Doyle stated that this does need to be addressed, and we have an opportunity to receive additional funding. We either pay for it now or pay a lot more later.

Councilman Selden asked the estimated life of cast iron. Superintendent Martin stated that it would be approximately 30 years. Mr. VanDeCreek stated that these that we are talking about have been there for 60 years.

Council Member Kopkowski stated that she would like to table this until we get information on how we are going to pay for it. She stated that there are a lot of maybes. In October HRC is going to come back and say we need more money. When does come to a point where we say we are not going ahead with the project because we do not have the money to do it. There is not guarantee we are going to get stimulus money or green money. She asked if this was considered when we looked at raising the water rates and in the forecast. She asked if the reduction in home values and tax dollars considered. She asked if we have taken into consideration all the roads that will need repair as a result of this project. Mr. VanDeCreek stated that the roads are part of the construction project, and they do hope to use as much trenchless technology as possible. Council Member Kopkowski asked how many water lines have broken in this area. Superintendent Renwick stated that we have had at least four per year over the last several years. Council Member Kopkowski stated that she is not comfortable approving more money until we know how we are going to pay this money back. She stated that it is a big burden for our citizens. HRC is good at what they

do and it all sounds good, but in reality if it does not come through, what is the burden to the citizens. Mr. VanDeCreek stated that when it was originally presented, it was done so without any principal forgiveness. The average cost per household based on the entire project was approximately \$38 per quarter at the 2.5% interest loan or \$60 per household if sold on the open market. Councilman Morelli stated that \$38 per quarter is approximately 20-22% increase. He further stated that if we are talking about spending a lot more later, we hope to have a lot more later because we have diminishing revenues.

Councilman Kivell stated that property values will not impact this. We are talking about an enterprise fund, which would impact water rates. He asked Mr. VanDeCreek based on the knowledge of the industry and the number of projects submitted, what is his feeling on where we rank on the project priority list. Mr. VanDeCreek stated that he knows that the City is on this list, but not where on this list. The ARRA and Green Initiative is separate. Once that list is prepared and distributed then the State of Michigan and the Federal Government will go through a review to identify which projects are worthy of the up to 40% forgiveness. They have been told that in order to have your project reviewed, they have to be first quarter ready. He further stated that the stimulus money allowed them to double the fund for this year. It gave the City the best chance to qualify.

Council Member Kopkowski asked Mr. VanDeCreek to explain what happens if we are number one on the priority list versus the last. Mr. VanDeCreek stated that it has to do with what quarter you are funded in. That is why the ARRA and Green Initiative is working and telling us to be ready to qualify, but they do not even know who is involved.

Attorney Lee stated that we have had some issues with regard to private fire hydrants in the City. He asked Mr. VanDeCreek if it would be possible within these engineering expenses to have his crew do legal descriptions for the fire hydrants that are not currently in our system. Mr. VanDeCreek stated that they could do that very easily. They will have two crews for 1-1/2 months, and they may be able to do that within these funds.

Mayor Doyle asked if there is a down side to moving forward. Mr. VanDeCreek stated that there is zero down side. His understanding is that the City is in fine bonding shape and that the funds are in place to be able to finance a project of this magnitude. He stated that you do not actually commit until you take bids on the job and accept the bid. Then you sell bonds. It was stated that the City is still committing to the engineering. Mr. VanDeCreek stated that the \$500,000+ is to get a massive survey effort underway and design over the next six weeks to submit the application by September. This money will be slowly spent until October. The only thing that they would have to come back for is construction engineering if you accept the bid. The construction engineering would not start until after you have asked the State to complete Phase 3 of the application. HRC would submit the invoices to the City, but the funds are reimbursed by the State. When the project is complete then the loan payments start.

Councilman Kivell asked if the new lines will be parallel or in the existing bed of the lines. Mr. VanDeCreek stated that through the design process, they will meet with the community and develop phasing so that it is not all torn up at once. They will make sure that they minimize the inconveniences to people. Councilman Kivell discussed the impact on the roads and streetscape project. Mr. VanDeCreek stated that every time they upgrade the roads, not the maintenance work, they upgrade the utilities. He further stated that HRC is one of the top 50 trenchless design firms in the nation. He further discussed trenchless design.

Councilman Kivell stated that the original discussion mentioned trying to get a well outside the aquifer, and it was his understanding that did not qualify for funding. He asked if there is any general feel that this could ultimately come under the umbrella of what we are doing here. Mr. VanDeCreek stated that it would have to happen in a separate fiscal year. That is why they asked us to label these segments 1 and 2.

Councilman Kivell stated that this interest rate is much more attractive than the sewer rate. He asked what is to say that three years from now it will not be better. Mr. VanDeCreek stated that the SRF and DWRF funds are not funded conventionally. They only work if people keep getting loans.

Councilman Selden asked if the old pipe will be removed. Mr. VanDeCreek stated that they will probably fill it with fill and abandon them in place. Councilman Selden asked if there is any value to these pipes. Mr. VanDeCreek stated that most likely we would be dealing with asbestos and hazardous materials.

Mayor Doyle stated that the City Manager feels comfortable as well as Superintendents Martin and Renwick. With the monies available now, it would be a shame a few years from now we look back and wish we would have completed the project. Councilman Kivell discussed other communities such as St. Clair Shores, etc. that have been built out that are in the same position. He further stated that we are close to build out ourselves, so he is not sure where these new monies are going to come from in the future.

Councilman Morelli stated that in May we were approved and now we are in the eleventh hour. Mr. VanDeCreek stated that we actually submitted the plan on May 1st. He just found out that we are on the list. It is not even on paper yet.

Councilman Morelli asked Superintendent Martin if he is comfortable that when all is done and we start paying the money back that it will only cost the average homeowner \$38 per quarter. Superintendent Martin stated that he does not know. Mr. VanDeCreek stated that those numbers were also based on the total \$10 million project. It will likely be an incremental increase over the next few years. We also do not know what the principal forgiveness will be. This is the worst case scenario.

Councilman Wedell stated that this is a project that is going to have to be approved by a future Council if not now. This is a maintenance project and deferred maintenance ends up being worse. Now that there is money available to help us fund it we might as well make the decision now. It will be bigger down the line.

Discussion was held on inflationary costs, etc. costing more for the project in the future. Council Member Kopkowski stated that although it may cost more in the future, it may not be as painful to the citizens because we might have more as citizens to afford that easier. Discussion was held on decreased property values. It was stated that property values do not affect this issue. It is a fee based system that needs to support itself. Discussion was held on unemployment and bad economy.

CM 7-9-09 – APPROVAL OF ENGINEERING – PHASE I DWRF MAIN IMPROVEMENTS

Motion by Wedell, supported by Kivell

To approve the proposal from HRC for engineering services for Phase I DWRF Water Main Improvements – Segment 1 for an amount not to exceed \$535,000 as presented

VOTE:

MOTION CARRIED (2 OPPOSED)

MANAGER'S REPORT: None

COUNCIL COMMENTS:

Council Member Maida stated that Saturday, July 25th there will be the 3rd annual Injured Solder Lyon Ride and Picnic in the Park at Lyon Township Park. Registration is at 11:00 a.m. and activities in the park all day long.

Council Member Kopkowski stated that she received a copy of a letter from a resident in a private development that they received from the Water Department regarding the fire hydrants. She stated that she was under the impression that we were still looking at it. She asked what happens if we change the ordinance and they have already signed the agreement. Attorney Lee stated that it depends on how we move forward. We are still looking at the issue. If we get legal descriptions and took all of the hydrants into the City we would not need that document. Anything else we would need it. It was stated that this is speaking to the first year. Anything else would be in addition to that document. Attorney Lee stated that we are still researching the issue.

Councilman Kivell stated that the flower baskets downtown look very nice. He had been concerned about the watering, but did notice the method of watering and was glad to see that taking place.

Mayor Doyle stated that it has come to his attention that Mr. Ron Jackson and his wife Carol volunteered and performed gardening and planting work in Paul Baker Park. It looks outstanding and thanked them for their work.

Mayor Doyle stated that he would like to conduct the City Manager review and evaluation the first meeting in August. The City Manager has been here a year now. He has accomplished what Council has laid out for him, but we need to give him direction for this upcoming year. Council concurred to hold the evaluation the first meeting in August.

ADJOURNMENT

CM 7-10-09 – ADJOURNMENT

Motion by Selden, supported by Kopkowski

To adjourn the meeting at 8:48 p.m.

VOTE:

MOTION CARRIED UNANIMOUSLY

Respectfully Submitted,

John Doyle, Jr.
Mayor

Julie C. Zemke
City Clerk/Treasurer