

Fraser City Council - Special Meeting
Tuesday – March 25, 2014 - 7:00 P.M.
Municipal Building

A Special Meeting of the Fraser City Council was conducted on the above date at the City Municipal Building, located at 33000 Garfield Road, Fraser, County of Macomb, Michigan.

Present: Mayor Hagerty and Council Members Accavitti, Carnagie, Cilluffo,
Hemelberg, Jennings and Morelli
Absent: None
Also Present: Richard Haberman, City Manager
Kathy Kacanowski, City Clerk
Robert Hribar, Attorney

1. **Call Meeting to Order** - Mayor Hagerty called the special meeting to order at 7:00 p.m. He noted Jack Dolan was attending a meeting in Roseville so Attorney Robert Hribar is in attendance.

2. **Pledge of Allegiance**

3. **Approval of Agenda**

Member Accavitti made a motion to remove items 8a, 8b and 8c from the agenda as he would like to review the bid specifications and bids. After some discussion, Member Accavitti decided that he would only request removal of item 8c, the award of bid for heating and air conditioning maintenance and replacement. In addition, it was suggested that Member Hemelberg meet with the Public Works Superintendent to review the scope of work for this bid.

Member Accavitti moved, seconded by Member Jennings, to REMOVE ITEM 8c RELATIVE TO AWARD OF BID FOR HEATING AND AIR CONDITIONING MAINTENANCE AND REPLACEMENT.

The motion carried unanimously.

Member Accavitti moved, seconded by Member Jennings, to APPROVE THE AGENDA AS AMENDED.

The motion carried unanimously.

4. **Citizen Participation on Agenda Items** - none

5. **Presentations** - none

6. **Public Hearings** - none

7. **Consent Agenda** - none

8. **Requests For Council Action**

- a. **Request Council award bid for carpet work at Senior Apartments to Ultra Floors.**

Public Works Superintendent, BJ VanFleteren, spoke regarding this item.

Mayor Hagerty moved, seconded by Member Jennings, to AWARD THE BID FOR CARPET WORK AT THE SENIOR APARTMENTS TO ULTRA FLOORS.

The motion carried unanimously.

- b. **Request Council award bid for painting work at Senior Apartments to Ken Shepard Painting.**

Fraser City Council - Special Meeting
Thursday – March 25, 2014 - 7:00 P.M.
Page Two

Member Jennings moved, seconded by Member Cilluffo, to AWARD THE BID FOR PAINTING WORK AT THE SENIOR APARTMENTS TO KEN SHEPARD PAINTING.

The motion carried unanimously.

- c. Request Council award bid for heating & air conditioning maintenance and replacement to Johnson Thermol Temp.**

THIS ITEM WAS REMOVED.

- d. Request Council set a public hearing for April 10, 2014 on the request from Monarch Industrial Group for an Industrial Facilities Tax Exemption.**

Mayor Hagerty requested Council be provided with the dollar impact of any IFT requests. Member Carnegie would like to emphasize the importance of the applicants attending the public hearing to explain their plans.

At this point, Mayor Hagerty noted State Representative Marilyn Lane had arrived at the meeting to discuss water and sewer rate system.

Member Jennings stated that rules for Industrial Facilities Tax Exemption applications were presented some years ago and asked Administration to locate these. Mayor Hagerty stated that although Mayor Blanke had a matrix for these requests, he would prefer a current system and to check with the Michigan Municipal League.

Member Carnegie moved, seconded by Member Cilluffo, to SET A PUBLIC HEARING FOR APRIL 10, 2014 ON THE REQUEST FROM MONARCH INDUSTRIAL GROUP FOR AN INDUSTRIAL FACILITIES TAX EXEMPTION.

The motion carried unanimously.

- e. Presentation and discussion on desired changes to current water and sewer rate system by the Administration.**

Manager Haberman provided a power point presentation of our current water and sewer rate system. He included the following options relative to the 2013-14 fixed costs for water and sewer noting he uses 6 units, the largest customer base, as a point of reference:

- 1) To refinance the debt requires changes in legislation along with approval by bond holders. Other options result in greater reductions and are more easily implemented.
- 2) To move Debt Service from Ready To Serve (RTS) reduces RTS \$1.28/unit of water used or \$7.68/month if 6 unit customer.
- 3) To add RTS for Fire Suppression reduces RTS \$.54/unit of water used or \$3.24/month for 6 unit customer.
- 4) To add RTS and meter charge to Irrigation meters reduces RTS \$.52/unit of water used or \$3.12 for 6 unit customer (\$1/unit for RTS plus meter \$5 charge)
- 5) To increase meter charge reduces RTS \$.77/unit of water used or \$4.62/month for 6 unit customers. Meters would be charged according to size.
- 6) Another option is to change the Rate System which would result in a new RTS of \$40.33 per month for all residents. If we choose to subsidize for low end users, it will minimally modify the RTS amount.

Mayor Hagerty inquired which was the Manager's suggested plan and was advised he would prefer to stay with the current system and possibly move the debt service. He added he has seen many types of systems and we should choose whatever works best for the community.

Fraser City Council - Special Meeting
Thursday – March 25, 2014 - 7:00 P.M.
Page Three

Mayor Hagerty invited State Representative Marilyn Lane to speak. Rep. Lane presented the following equation:

\$17,303,308 City Debt (for new infrastructure)
÷ 252 months (21 years to pay off debt)
equals \$68,663.92 per month
÷ 6282 (billable doors not meters)
equals \$10.93

Rep. Lane stated residents will pay \$10.93 per month and this amount will stay the same for 21 years. She noted no other community in the country has a Ready To Serve Fee and Bolt vs Lansing does not apply to this type of fee. In addition, she stated Warren charges two different rates for water and sewer depending on residential or commercial. She suggested there is no need to refinance at this time as Council can vote to keep \$10.93 on the water bill or move it to property taxes.

Manager Haberman noted the debt she spoke of is only 24% of the fixed cost. Representative Lane stated we must have a markup in the rates, adjust costs depending on residential or commercial and change costs for size of meter/pipes.

Manager Haberman noted we still need to get to over \$45 per month so Rep. Lane explained we need to change the system as noted above to get to this amount. Although the bill will be the same, she stated her system is easier to understand. She also suggested customers with second meters could be grandfathered but no new second meters allowed.

Member Jennings stated that Rep. Lane was only speaking of a portion of the fixed cost, which is debt service. All costs would be approximately \$70 per resident per month and even if we recalculate using the new address billings, it would be \$58 per resident.

Representative Lane stated this is an enterprise account. She would like us to go with the same type of system other communities use. She noted Clinton Township does not make it political when Detroit gives their rate, it is automatically accepted with a mark up and not brought to Council. Member Jennings stated she is familiar with the meter system used by other communities. It punishes lower users and shifts costs to businesses. She prefers charging more to high end users not larger meter users.

Member Carnegie noted Detroit may be raising their rates 70-100% this year. He suggests having the Finance Director provide bills at 3, 6 and 9 units with the new rates so residents can see what they would be paying.

It was noted Representative Lane used a billing door count of 6282 and Finance Director McCulloch was provided a count of 7000 doors from the post office. The correct numbers will need to be confirmed.

Mayor Hagerty stated he would like Manager Haberman to provide models using modified meter fees along with the list of ideas from Representative Lane.

At this time, 9:45 pm, Mayor Hagerty requested a short break. The meeting resumed at 10:02 pm.

Member Jennings reviewed each of the options provided by Manager Haberman. She would prefer to discard the refinance of debt option, tax millage option, and separate debt service charge option. She would like to consider fire suppression charge and irrigation meter charges as new revenue but with a lower fee than presented.

Fraser City Council - Special Meeting
Thursday – March 25, 2014 - 7:00 P.M.
Page Four

Mayor Hagerty proposed the following:

Bucket #1

- a) Debt
- b) Yearly fixed

Bucket #2

- a) water unit cost
- b) sewer unit cost
markup
residential/industrial

Bucket #3

Meter charge

5/8 =

1 =

1.5 =

Etc. =

Bucket #4

Recycling

Etc.

Options:

2nd Meter

Fire

Etc.

Mayor Hagerty suggested when rates increase, it is a pass through and not brought before Council. Enlarging the water bill to 8 ½ x 11 was also discussed. Manager Haberman explained using a mathematical model as Mayor Hagerty has shown, Council can input desired changes and the model will immediately show the impact.

Member Cilluffo stated he is not in favor of refinancing the debt, placing debt service on tax millage, or a separate debt service charge. He does favor a fire suppression charge and a nominal fee on irrigation meters. He strongly supports seeking new revenue options.

Member Carnegie stated he would like to meet with Manager Haberman to discuss fire suppression data as he does not want to penalize or negatively impact those users.

Ken Imler, Deluxe Development/Hawk Industrial, spoke on this subject.

f. Presentation of a recommended 5-Year Capital Improvement Plan by the Administration.

Mayor Hagerty moved, seconded by Member Hemelberg, TO POSTONE THIS ITEM TO THE NEXT MEETING.

The motion carried unanimously.

9. Report of City Administration/Pending Items

Manager Haberman had nothing further to report at this time.

10. Report of Mayor and City Council/New Business

Mayor and Council discussed various topics.

Fraser City Council - Special Meeting
Thursday – March 25, 2014 - 7:00 P.M.
Page Five

11. **Citizen Participation** – none

12. **Adjournment**

Member Accavitti moved, seconded by Member Cilluffo, to ADJOURN
THE SPECIAL COUNCIL MEETING OF TUESDAY, MARCH 25, 2014
AT 11:00 P.M.

The motion carried unanimously.

Respectfully submitted,

Kathy Kacanowski, City Clerk

Doug Hagerty, Mayor

/kk