

**PROCEEDINGS
OF
CITY COUNCIL MEETING
OF THE
CITY OF LOWELL
MONDAY, DECEMBER 7, 2020, 7:00 P.M.**

1. **CALL TO ORDER; PLEDGE OF ALLEGIANCE; ROLL CALL.**

The Meeting was called to order at 7:00 p.m. by Mayor DeVore and City Clerk Sue Ullery called roll.

Present: Councilmembers Cliff Yankovich, Marty Chambers, Jim Salzwedel and Mayor DeVore, and Leah Groves.

Absent: None.

Also Present: City Manager Michael Burns, City Clerk Susan Ullery, City Treasurer Suzanne Olin, DPW Director Dan Czarnecki, Chief of Police Chris Hurst, LL&P General Manager Charlie West, Waste Water Treatment Plant Supervisor Brian Vandermeulen, and Fire Chief Shannon Witherell.

2. **APPROVAL OF THE CONSENT AGENDA.**

- Approval of the Agenda.
- Approve and place on file the minutes of the November 16, 2020 regular meeting and the minutes of the November 30, 2020 special meeting.
- Authorize payment of invoices in the amount of \$302,964.42.

IT WAS MOVED BY SALZWEDEL and seconded by CHAMBERS to approve the consent agenda as amended.

YES: Mayor DeVore, Councilmember Salzwedel, Councilmember Yankovich and Councilmember Chambers, and Leah Groves.

NO: None.

ABSENT: None.

MOTION CARRIED.

3. **CITIZEN COMMENTS FOR ITEMS NOT ON THE AGENDA.**

There were no comments.

4. **OLD BUSINESS.**

a. **Audit Presentation.**

Peter Haefner of Vredevelde Haefner LLC reviewed the City of Lowell's financial statements for the year ended June 30, 2020.

In their opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Lowell, Michigan, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United State of America.

b. Water/Wastewater Plant Expansion Studies – General Overview.

City Manager Michal Burns stated they have been working on the study for the Water and Waste Water Treatment Plant (WWTP) expansions with the task force and felt it was important for Council to get an overview of the report. Brandon Mieras with Williams & Works then explained the Water Plant expansion. They reviewed the current operations and looked at expanding the plant as it is now with the lime softening and the filtration. Then Mideras covered the Wastewater Plant Expansion. Council asked several questions regarding if the Townships backed out and what that would look like for each plant and Mieras covered that as well.

c. Showboat.

Mark Mundt gave an update on the Showboat funding, stating brick are continuing to be purchased. He noted the committee did not qualify for the Amway Grant. However, we are still waiting to hear back from some other Grand Rapids Foundations. A month ago we were at \$354, 000 in funds raised, today we are at \$485,000 in funds raised which means we have a little less than \$300,000 to raise. So we are moving ahead and things are looking good.

City Manager Michael Burns then stated the City took a \$403,000 check from the Lowell Chamber of Commerce on Friday that included the naming rights, about \$29,000 dollars from brick sales and all the proceeds from the last two Rotary Auctions. Later in the month, we will receive \$100,000 from the Grand Rapids Foundation so we essentially have 1.2 million cash in hand. Also, Burns stated he has been working with Liz Baker on the Committee for non-profit. Baker and Theresa Hoffman will be the Chamber of Commerce's representation for the board, we need to select two representatives from the City and then those members can choose three other members for the board. Board would need to operate under open meetings act.

d. MERS.

City Manager Michael Burns stated we have some actions for MERS we will need to take later on in the meeting, but wanted to let you know, we have finally settled the contracts for IEBW and you will be presented with some modifications to the pensions system. There is light at the end of this tunnel for this in our future. Next issue to tackle is financing.

e. COVID – 19.

City Manager Michael Burns stated the Governor made changes today adding the 12 days to the public health order which will be in place now until December 19, 2020. Our next meeting is December 21, 2020 so we will see what transpires between now and then. Up until December 19, 2020, we will have to do all meetings through zoom as we cannot have more than 10 people in a gathering and according to the public health order, no more than two different households in a room. We have kept staff more than 6 feet apart, we have some staff working remotely. Mandatory vaccines are being discussed but going to wait and see what transpires before we make any decisions.

f. Arbor Boat Update.

DPW Director Dan Czarnecki gave an update on Arbor Board items that have been done or had been discussed to be done prior to the Covid 19 pandemic when they last met in March 9, 2020.

5. NEW BUSINESS.

a. Introduction of the new Fire Chief – Shannon Witherell.

Shannon Witherell introduced himself and gave a brief summary of his different duties as a longtime member of this Fire Department since 1998. Looking forward to the fun challenges they have going on and thanked the Council and the other two municipalities for their support. Witherell discussed the purchase of the fire truck, that with the County's help, they are going to work on obtaining. Also, they will be interviewing nine different applicants for hire tomorrow night, December 8, 2020 at 7:00 p.m.

b. FY 19-20 General Fund additional fund balance.

City Manager Michael Burns stated since his arrival in 2016, City Staff and he have been mindful of finances and have been able to continue to build a healthy fund balance in the event of an unforeseen event expenditure. Each year we have been able to add at least an additional \$100,000 in fund balance to the general fund. Recommended minimum general fund balance in Michigan is 15% of your total general fund levy. Today, we have approximately \$1,000,000 in excess general fund balance which is the equivalent to 31% fund balance. This past fiscal year, we have seen revenue/expenditure productions much greater than budgeted. As revenue estimating conferences have shown improvement along with CARES ACT assistance, surprisingly we are in much better shape than projected. That being said, future revenues continue to be a moving target. Verified through our audit, the previous fiscal year ending June 30, the City has approximately \$198,000 in revenues over expenditures. If the City decided to bank this revenue, we would have approximately 1.2 million in fund balance in case of an emergency. I believe the City is in a good position whereby we might want to add a little bit at a time and use excess funds to alleviate problem issues. I would suggest the City Council consider taking two actions with the \$198,000 excess revenue over expenditures. First thing I would recommend is to take \$125,000 of this and make a principal payment towards the unfunded pension liability. I would take the remaining approximate \$73,000 and set aside for the future fire truck payment. Going forward, I am going to meet with the Fire Chief to evaluate their departments future capital improvement plan and begin subsidizing funds annually to a proposed fund for future fire equipment purchases.

IT WAS MOVED BY YANKOVICH and seconded by CHAMBERS that the Lowell City Council utilize the excess FY 2020 revenue over expenditures to address the expenditures City Manager Michael Burns proposed. And in future years, all fiscal year revenue amounts over expenditures address continuing unfunded pension liabilities. Administration should have flexibility to make inflationary increases to the current fund balance with excessive revenues.

YES: Mayor DeVore, Councilmember Salzwedel, Councilmember Yankovich, Councilmember

Chambers and Councilmember Groves.

NO: None.

ABSENT: None.

MOTION CARRIED.

c. Resolution 24-20.

City Manager Michael Burns stated per MCL 211 27b failure to notify assessing office; adjustment. It allows a waiver of filing fees when there is some sort of property transfer. The buyer, grantee or other transferee is required to file a Property Transfer Affidavit with the local Assessor within 45 days when property transfers ownership. If not, penalties can be assessed \$5 per day it is overdue and no more than \$200. Municipalities are permitted to waive State required penalties that commence after 45 days has elapsed as long as the governing body of a local tax collecting unit waives, by resolution, the penalty levied. It is my recommendation after many discussions with Assessor Jeff Rashid, that this fee be waived as it doesn't happen often but tends to be costlier to collect than what the fee actually is.

IT WAS MOVED BY YANKOVICH and seconded by CHAMBERS that the Lowell City Council approve Resolution 24-20 waiving this administration fee.

YES: Councilmembers Salzwedel, Councilmember Yankovich, Councilmember Chambers, Councilmember Groves and Mayor DeVore.

NO: None.

ABSENT: None.

MOTION CARRIED.

d. Resolution 26-20.

City Manager Michael Burns stated the Department of Treasury requires Communities to establish poverty guidelines for those who are unable to contribute toward the public charges. Those in this situation are deemed a poverty exemption if they meet all of the requirements. Annually these resolutions must be reviewed and established.

City Assessor Jeff Rashid then reviewed the proposed Poverty Exemption Policy & Guidelines.

IT WAS MOVED BY YANKOVICH and seconded by CHAMBERS that the Lowell City Council approve Resolution 26-20 to adopt a current poverty exemption policy and guidelines in accordance with the General Property Tax Act.

YES: Councilmember Yankovich, Councilmember Chambers, Councilmember Groves, Mayor DeVore, and Councilmember Salzwedel.

NO: None.

ABSENT: None.

MOTION CARRIED.

e. MERS Defined Benefit Bridge.

City Manager Michael Burns read his memo stating for the past two and a half years, he has been preparing for modifications to our pension system to address structural issues for the betterment

of this City. As I have said many times, the City currently has approximately a \$3.4 Million unfunded pension liability that quite frankly nobody here created. Unfortunately, it wasn't until his arrival in 2016 that anyone attempted to address this. If you recall, in 2018, we made a modification to our employee contribution with MERS that allowed us to set aside some additional funds toward the unfunded liability. This did not move the needle much towards the problem. We are now 60% funded, we are triggered by the State of Michigan to file a Corrective Action plan to address this problem. Last year, I was able to request a waiver that was granted to file this. This will no longer be the case. With the assistance of the two unions in the City, along with all staff, we are now in a position to make dramatic changes to the future pension liabilities for the city. The two labor unions along with City administration have agreed to the following. Since all full time City employees (union, non-union, department director, city manager) are in the same plan, the following is being proposed including, drafted language with MERS to change our plans moving forward.

Burns continued, beginning January 1, 2021, the Unions and the City have agreed to change to the pension multiplier and your contribution going forward. If employees were hired before July 1, 2020 their future pension multiplier will be bridged from 2.5% to 2.0%. Employees full final average compensation (FAC- last three years consecutive of your last ten years) will not change. Nor will the years of service required to retire change. The benefit amount for anything accrued going forward will be reduced. As a result, the employee contribution will reduce from 7% back to 5% of their wages. In addition, all new hires after July 1 2020 will be placed in a defined contribution plan. The City will contribute 10% of the employee's base wage and the employee will contribute 6% of their base wages to a retirement account you can select by MERS.

IT WAS MOVED BY SALZWEDEL and seconded by CHAMBERS that the Lowell City Council approve the MERS bridging down of future pension benefits for participants in the defined benefit program from 2.5% to 2.0%.

YES: Councilmember Chambers, Councilmember Groves, Mayor DeVore, Councilmember Salzwedel and Councilmember Yankovich.

NO: None.

ABSENT: None.

MOTION CARRIED.

f. Resolution 25-20 – MERS Defined Contribution Plan.

IT WAS MOVED BY CHAMBERS and seconded by SALZWEDEL that the Lowell City Council approve Resolution 25-20 to establish a defined contribution plan.

YES: Councilmember Groves, Mayor DeVore, Councilmember Salzwedel, Councilmember Yankovich and Councilmember Chambers.

NO: None.

ABSENT: None

MOTION CARRIED.

IT WAS MOVED BY YANKOVICH and seconded by GROVES that the Lowell City Council agree the City will contribute 10% of the employee's base wage, whereby the employee hired after July 1, 2020 shall contribute 6% of their base wage to a defined contribution plan.

YES: Mayor DeVore, Councilmember Salzwedel, Councilmember Yankovich, Councilmember Chambers and Councilmember Groves.

NO: None.

ABSENT: None.

MOTION CARRIED.

6. **BOARD/COMMISSION REPORTS.**

Councilmember Salzwedel stated the LCTV Board met this week, and this year we have a little over \$108,000 to distribute. The cutoff date to get your applications in to Susan Ullery at City Hall is February 5, 2021 by 5:00 p.m.

7. **MANAGER'S REPORT.**

City Manager turned it over to Fire Chief Shannon Witherell who honored Officer Jeslin Hurd who responded to a call from Hong Kong Buffett where someone from another City accidentally placed a takeout order and then didn't pick it up. Mr. Ming was very upset and called the authority's. Officer Hurd responded and insisted on paying the bill and even gave a tip. Mr. Ming was so thankful and appreciative. So on December 8, 2020 at 2:45 Officer Jeslin Hurd will be awarded a medal. The Police Chfs Accommodation Award for going above and beyond what is expected of her to do. Congratulations, Jeslin. Chief Hurst also welcomed the new City Councilmember Leah Groves.

City Manager Michael Burns then went over the following:

- We are in the infamous Lame Duck period of the Michigan Legislature, so you never know what can happen there.
- The Michigan Municipal held a press conference last week and they have been trying to develop a Covid 19 Community Stabilization Plan, one issue that has come about is the Cities with income tax are taking the biggest hit. There are bills in the legislature to try to address that, whether they move or not, we don't know yet.
- There is bipartisan bill in the legislature that was introduced to address issues with the Headley and the Proposal A constitutional amendment. There are trying to clean those up.

8. **APPOINTMENTS.**

Mayor Devore went through the vacancies coming up and will have council members on all the boards check with currently serving members whose appointments are coming to term to see if they want to continue serving another term It was a general consensus from all the Councilmembers to approve the following appointments:

Dennis Kent – LCTV Endowment Board

Marty Chambers – Airport Board

Jim Salzwedel – Arbor Board

Leah Groves – Chamber of Commerce
Downtown Development Authority – Mike DeVore
Historic District Commission – Cliff Yankovich
LARA Committee (Trails) – Cliff Yankovich
LCTV Board – Jim Salzwedel
Lowell Light & Power Board – Jim Salzwedel
LOOK Committee – Cliff Yankovich
Fire Authority – Mike DeVore
Parks & Recreation Committee – Leah Groves
Planning Commission – Marty Chambers
Showboat Committee – Mike DeVore
Building Authority – Michael Burns
Grand Metro Council – Michael Burns

Then Mayor DeVore asked residents to get their applications in to be an involved citizen on these boards, as there is a huge need.

9. **COUNCIL COMMENTS**

Councilmember Groves stated she is just taking it all in regarding her appointment of a City Council Board member.

Councilmember Yankovich would like to thank Mike Burns, MERS staff and the City Unions for their cooperative efforts to help us get the pension headed in the right direction.

Councilmember Salzwedel congratulated Leah Groves on her first meeting and on being nominated and looks forward to working with her.

Councilmember Chambers congratulated Leah Groves.

Mayor DeVore stated Michigan Senate passed Bill 54 a few days ago which is supposed to restore the Historic District tax credit for preservation, so he will keep following up on that.

10. **ADJOURNMENT.**

IT WAS MOVED BY SALZWEDEL to adjourn at 8:47 p.m.

YES: 5. NO: NONE. ABSENT: None. MOTION CARRIED.

DATE:

APPROVED:

Mike DeVore, Mayor

Sue Ullery, Lowell City Clerk