

**MINUTES OF THE EAST JORDAN CITY COMMISSION SPECIAL MEETING HELD
TUESDAY, MARCH 15, 2007 AT 7:03 P.M. IN CITY HALL RE: BUDGET
DISCUSSION**

Present: Mayor Postma
Commissioners Vollbach, Timmons, Bennett, McNitt and
Symonds

Absent: Klooster

Mayor Postma called the meeting to order at 7:03 p.m. and led the pledge of allegiance.

Postma discussed what the agenda was for the budget work session.

Ambulance Fund

Administrator White reviewed the Ambulance Fund balance work sheet with the Commissioners.

Commission discussed the contributions received into the Ambulance Fund.

White and Mayor Postma discussed the City would be putting \$5000.00 into the Ambulance Fund as a contribution which would equal what the other taxing units pay to the Ambulance for services.

White stated the Ambulance Fund normally receives a total of \$15,000 for these services and that this year it would be \$10,000 as the \$5000.00 would be forgiven.

Commissioner Symonds inquired if this was going to be an annual thing that would be forgiven.

Postma stated that with the new negotiations with the townships, the City is the only entity that doesn't put any money towards this fund. This would put our portion towards the Ambulance fund.

Commissioner McNitt stated that this was the City's Ambulance, would any of the townships be upset that the City wasn't putting forth their portion.

White stated this question has been asked before in the negotiations.

Postma informed this was paying back on the original loan from the Rehab Fund to purchase the ambulance.

McNitt questioned what other alternatives do the townships have if the City decides to go against putting in the \$5000.00.

Postma stated that we would have to ask the townships to pay more when we have to upgrade the equipment, which was negotiated this year.

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White briefed the Commission on the negotiation between the City and the township stating that the townships do not pay towards the equipment. The equipment is exempt when the payment schedule is figured.

Commissioner Bennett questioned why couldn't that money be taken out as debt service paid back to show the contributions.

White and Postma felt this was a good way to do it and would like to do it this way.

Consensus of the Commission was satisfied with the Ambulance Fund as presented.

McNitt felt the rates were high.

White stated that we are the cheapest in the area.

Harbor Fund

White stated that Parks Director Cannon figured his rates with out the dredging cost included.

White also stated that 7-8 slips at the Harbor were not available.

McNitt questioned that the ending balance would be much lower and would take a while to pay back our share of the dredging cost.

White stated it would take a while to pay back our share of the dredging depending on what that dollar amount was. A few Commissioners, Department Heads and himself were going down to Lansing the following week to discuss our cost to be 70/30/, currently it is 50/50.

McNitt questioned why the Harbor would be \$100,000.00 less, because of the new pumps.

White stated that was part of the cost but that the Harbor has to operate as a full harbor even if not all slips are available.

White also informed the Commission that he is currently in negotiations with the land contract holder regarding the land acquisition and they are agreeing to renegotiate the amount that we can borrow being a public entity.

Commissioner Symonds quested if the dredging did not take place, how many slips are affected.

Mayor Postma stated 9.

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White stated that once the ice is cleared away, we would know an exact amount.

McNitt felt that nothing in the Harbor budget could really be changed and that everything needed to be in the fund.

White stated he has been in contact with the Carey's regarding the payments and that they will be lowered by about \$5000.00 per year.

Postma stated that not every dollar amount budgeted for is used completely in every fund.

Postma also stated that a concern for the Commission to think about was how to reach a balanced budget or add to its fund balance.

Transfer Station

White reviewed the revenues, expenditures and the fund balance with the Commission.

Commissioner Bennett inquired on the cost of the Spring Clean Up last year.

Commissioner had more discussion regarding another cleanup.

Tourist Park

White reviewed the revenues, expenditures and fund balance with the Commission.

White stated the major cost of the Tourist Park if the grant was received would be for the new Tourist Park building and the city's contribution for the grant. The current building was built in 1939.

McNitt questioned how much out of the fund balance would go towards the upgrades.

White stated that with the additions the Commissioners requested be done at the last Commission meeting would cost an additional \$65,000.00.

Postma informed that Commission that last year the Tourist Park ended in the black.

White stated that reservations are currently going through the roof.

Consensus of the Commission was it was a great idea to have the campground manager at the park.

Postma stated that just the windows and shutters would cost \$2000.00 and those were added to the plans.

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McNitt questioned that the total cost for the new building would be about \$100,000.00 all of our cost.

White stated yes and a loan would have to be taken from the general fund at this time.

Sewer Fund

White stated that no rate has been put into the budget but only onto the worksheet reports.

McNitt questioned what improvements needed to be done at this time.

White stated no improvements were budgeted at this time, but DPW Superintendent Breakey wanted to work on the sewer line from Main Street to Mary Street which was included in the current budget.

Commissioner Bennett stated he had spent some time looking at the Sewer and Water funds and felt they had performed well.

Postma agreed both had performed well.

White informed the Commission there were plans for major water and sewer improvements to the hotel which would be paid for by the MISHDA grant.

Commissioners McNitt, Bennett and Symonds discussed the current Sewer Flat rate and how that number was arrived at.

Postma also added input on how the rates were received.

Postma felt that no large increases needed to be made to the sewer fund.

McNitt questioned if there would be much benefit to paying off any of the loans for the sewer fund.

White stated he has looked into that but they will have penalties and believes that there is only 1-2 years left on the payments.

Sewer Rates

Postma stated that the flat rate is currently based on 830 customers which is about 14.00/per quarter. There is no extra money added in for capital improvements. If we stay at \$17.00 we are gaining a little bit towards our capital improvement.

Symonds felt that the proposed \$35.00 is too much.

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McNitt felt everyone talks about the water rate but not about the flat rate.

Postma stated with a \$3.00 increase in the flat rate for a total of \$20.00, the flat rate for the year would total about \$10,000.00.

Postma also informed the Commission a \$0.07 increase in the sewer would be about \$5,250.00 for a total net between the flat rate and the rate increase would be about \$15,250.00.

Consensus of the Commission was to increase the Flat Rate by \$3.00 for a total of \$20.00 and to increase the sewer rate billable flow by \$0.07.

Water Rates

Commissioner Bennett proposed new flat rate increases as follows:

Low Rate: \$5.00 increase
Mid Rate: \$10.00 increase

Bennett also proposed new rate increases to the water rates as follows:

Low: \$.10 increase
Mid: \$.25 increase

Leave the debt service as proposed.

No additional units were added in to these rates.

Postma discussed the tap in fees from the hotel.

Consensus of the Commission was to increase the water rate by \$.10 and to increase the water flat rate by \$5.00.

Equipment Fund

Bennett questioned the payroll longevity.

White briefed the Commission that this amount was progressive and it was based on the amount of years worked at the City and that it does cap out.

White also informed the Commission that the Public Works longevity was negotiated.

Postma stated \$78,000 was depreciation.

White stated that the last payment on the Sewer vac would be August 1, 2007.

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Bennett felt that the vehicle maintenance should be taken down a bit.

White stated the City Mechanic is very frugal and does get the best deal for the city that he can.

Consensus of the Commission was to keep the Equipment Fund as proposed.

General Fund

Postma informed the Commission that he would like to refer \$180,000 back to staff to see what they can cut out prior to the next budget discussion.

McNitt questioned the \$20,000 for Rentals in the Parks and Recreation line item.

White and Postma stated it was for equipment rented from the DPW, such as lawn mowers, trucks, employees from the DPW, plowing, mowing, and cleaning of bathrooms for all of the other parks the Parks Director does not oversee.

McNitt questioned the \$15,000.00 budgeted equipment and \$4,000.00 for rentals for sidewalks. What will that amount do?

White stated he didn't know that it would have to be bid out. Currently, the City would like to repair the sidewalk from the Health Center on Bridge Street to Dr. Thomas's office on the Corner of Bridge and Water Street.

White stated the DPW would remove the sidewalk and provide the sand and that a contractor would be hired to pour and place the sidewalk in.

White also informed the Commission that in the past it has been a shared cost with the property owner which was currently a 60/40. The current proposed budget shows no contribution from the property owner and would be a total cost to the city, which would require an ordinance change.

White questioned how the commission would like to handle the sidewalk replacements? Would we like to stay with the special assessments or have the city pay for the total cost of the replacements?

Postma informed the Commission that it generally costs between \$400.00 - \$600.00 to the property owner which could be changed to a 30/70 cost to the property owner.

Commissioner Vollbach felt that we could try the 30/70 and see what happens.

Bennett stated he would like to look at a different cost difference or percentage for the homeowner.

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McNitt felt we needed to look at all of the sidewalks that need to be repaired and let the homeowners know how much the money the city has towards sidewalks and see if they would like to work with the city.

Postma felt a special assessment was the best way for repairing sidewalks and felt we should make our community a more walkable community.

Commissioner Symonds felt the City should cover the sidewalks 100% and go as far as we can and if people want to help they can.

Postma stated sidewalks don't last forever and we have a lot of areas that don't have sidewalks and the slower we go the further we will get behind.

Postma also felt we could do public hearings and a notification of special assessment to those property owners that would be affected.

McNitt felt the property should be given the option first before a special assessment was done.

Consensus of the commission was to stay with the special assessment at this time but to look at a different percentage rather than the 60/40.

White questioned what the Commission would like to budget for the special assessment.

Consensus of the commission was to go from the current 60/40 percentage to a 70/30 percentage.

Consensus of the Commission was to refer \$180,000 back to staff to cut out of the general fund.

Commissioner Bennett questioned the rate increase for the Department Heads versus the employees. He would like to consider a 2.5% rate increase to all employees versus the 3% to the Department Heads.

Postma stated that this would be discussed when the Commission gets further into the General Fund.

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Mayor Postma adjourned the meeting at 8:40 p.m.

Respectfully,

Mark Postma
Mayor

Cheltzi M. Wilson
Deputy Clerk