

March 23, 2009

Regular meeting of the Ludington City Council held in the Council Chambers of the Municipal Building on Monday, March 23, 2009, at 7:30 o'clock p.m.

Present: His Honor Mayor John Henderson and Councilors Kaye Holman, Paul Peterson, Greg Dykstra, Brent Scott, Dave Weston, Pete Enblade, and Gary Castonia.

Absent: Attorney Roger Anderson who was excused as he was ill.

Also present were City Manager John Shay, Police Chief Mark Barnett, Fire Chief Jerry Funk, and City Clerk Deborah Luskin.

His Honor Mayor Henderson requested a moment of silence in memory of John Healy, a fellow City employee, who passed away March 14, 2009.

Invocation was pronounced by Councilor Pete Enblade.

Pledge to the Flag was given.

Item 4 under Finance, Cops Grant Overview, is being sent back to the Finance Committee and will be removed from this agenda. Moved by Councilor Castonia, seconded by Councilor Holman, that the Agenda be approved as corrected. Motion Carried.

The meeting was opened for public comments.

Dennis Padron owner of Ludington Taxi, questioned why the other taxi companies who have not registered with the City have been allowed to operate when the new taxicab ordinance has been in effect since March 16th. His Honor Mayor Henderson explained that this would be addressed during the Council meeting.

Joe Moloney, 1032 N Ferry, invited all to the informational meeting Tuesday, March 24th, from 7-9 p.m. in the Community Room to discuss dog parks and he will report back to the Council on what has been discussed in a few weeks. His Honor Mayor Henderson asked that this report be given to the Parks and Recreation Committee.

Patrick Lopeman, 311 S. Ludington Ave, General Manager for WMOM, thanked the City of Ludington and the Community in supporting the annual lake jump. He recognized Shawn McDonald for his efforts in preparing the beach for the lake jump, Police Chief Mark Barnett for his efforts, and the Coast Guard who always helps in this event. He explained that this lake jump will raise a significant amount of money. The lake jump brings all people together and there are things being built in the community which have a long lasting effect. This year the event is supporting the Ludington Library expansion in their Just Imagine campaign. There is a matching bid, where \$1 will be donated anonymously for every dollar raised with the on air appeal.

After no further comments were received, the regular order of business was resumed.

Moved by Councilor Holman, seconded by Councilor Dykstra, to approve the minutes of the regular meeting 3/9/09. Motion Carried.

Moved by Councilor Castonia, seconded by Councilor Scott, to approve the Ludington Area Jaycees request to hold the 2009 Parade of Cars Car Show on June 6, 2009. Motion Carried.

Moved by Councilor Scott, seconded by Councilor Dykstra, to approve the request of the Ludington & Scottville Chamber of Commerce to hold the Ludington Offshore Classic Fishing Tournament on July 16-19, 2009. His Honor Mayor Henderson stated this is still the biggest fishing tournament on this side of the State, and he recognized employees Jackie Steckel and Shawn McDonald for their efforts on this event. Motion Carried.

Moved by Councilor Castonia, seconded by Councilor Dykstra, to approve the request of the Ludington & Scottville Chamber of Commerce to hold the 2009 Gus Macker Basketball Tournament on June 20 & 21, 2009. His Honor Mayor Henderson recognized that this is the 18th year that Gus Macker is held. Motion Carried.

Moved by Councilor Holman, seconded by Councilor Peterson, that the Finance Report with total expenditures in the amount of \$293,998.76 for this period be approved and orders drawn according to the City Charter. Motion Carried.

Moved by Councilor Holman, seconded by Councilor Peterson, to approve the Marina Fuel low bid from Blarney Castle for delivery cost at \$0.085 per gallon for unleaded and \$0.095 for diesel. Councilor Holman explained that the day to day price was not asked for when bidding but rather the Marina only asked for the constant delivery fee (rack price) in their bid process. Motion Carried.

City Manager Shay presented the 2010, 2011, 2012 financial projections. He explained that the City wanted to take a longer look into the future especially in the General, Major, Local, Senior Center, Water, and Sewer Funds. The assumptions given on the revenue side were that revenues remain flat or decline. On the expenditure side the assumptions were that there would be no wage increase for any of the three years given, MERS pension costs would increase 5% in 2010 and 2% for 2011 and 2012, and health insurance costs would increase 10% per year. On the operational side except for chemical costs, road salt, and equipment rental rate increases, the projections assumed that the operating expenses would remain flat. City Manager Shay presented the actual expenditures for 2004 through 2008 as well as the 2009 budgeted revenues and expenditures, which would remain the same. He explained that the largest revenue source in the General Fund is property tax revenue and based on the assessment roll prepared for this year there will be a 2% increase in property tax revenue in 2010 and then a 3% decrease in 2011 and flat growth in 2012. Even though the CPI is going up 4.4% this year, the actual impact on the City's budget will be a 2% increase in revenue due to the instances where the SEV on a property is about equal with the taxable value on that property so when the SEV decreases the taxable value will decrease. Also, there is less new construction that normally pumps up the SEV so that will decrease our tax revenue. Another large revenue source in the General Fund is the State Revenue Sharing, the payment that comes from the State through the sales tax. With the economy down, sales are down. As a result, this revenue source will also decrease 5% in constitutional revenue sharing and 10% in statutory revenue sharing for 2010 and about a 2% decrease for 2011 and 2012. Another large revenue source is interest income. It was explained that due to interest rates falling from 4 and 5% in the past few years to 1% now, there is will be a significant impact on the interest income.

City Manager Shay presented slides with graphs showing the effect of lower revenue and expenses. There is a projected deficit in the General Fund of \$80,000 for 2010 and \$200,000 deficit for 2011 and 2012. His Honor Mayor Henderson explained that this is assuming that there will be no changes to make corrections to the budget. It was explained that the City is working to address the potential budget deficit.

In the Major Street Fund, primary expenditures are snow removal, road repair and road maintenance. The Major Street Fund is used to obtain Small Urban Grants which pay 80% of major street costs. In 2010, the assumption is that the City would get a Small Urban Grant to reconstruct north Staffon Street between Tinkham and Ludington Avenue. In 2012, the assumption is that the City would replace the Washington Avenue Bridge. The program has an application deadline in June 2009 and this program would pay 95% of the construction costs. The local match would be \$330,000. If the City would do the Staffon Street project in 2010 and the Washington Avenue Bridge in 2012, the fund balance would drop below zero in 2012. This is telling us that we cannot afford to do the Staffon Street and the bridge unless the City makes changes. The largest revenue source is the gas tax and this revenue amount is falling. The City has responded to this decrease by transferring more money from the General fund to the Major Street Fund to try to do more street work. His Honor Mayor Henderson stated that this past Friday the City has learned that there may be a change in the gas tax formula, which could change the amount that we would receive.

In the Local Street Fund, the largest revenue source is the gas tax which was explained earlier as decreasing. The City also transfers 25% of the Major Street allotment to the Local Street Fund as well as transferring money from the General Fund to repair local roads. The major assumption in this fund is that the General Fund contribution will be \$230,000, also assuming we spend \$316,000 each year on street paving, which is the same amount budgeted for 2009. The effect on the fund balance is that by 2011 there will be a negative impact on the fund balance.

The Senior Center Fund was reviewed and it was explained that in 2008 and forward, the expenditures are outweighing the revenues. It was noted that there would be deficit spending in 2009 and 2010 and ultimately, the fund balance would go into the negative. As a result, the City has put off filling the part time position at the Senior Center as the budget does not support this expenditure at this time.

The Water Fund's primary revenues come from the water rate. The major assumption for the three years is that there would be no change in the water rate, with minimal capital improvement in the water treatment plant and water maintenance. The expenditures continue to outpace the revenues. There is currently \$1.6 million in unrestricted cash, and if no changes were made over the next three years, the unrestricted cash would drop to \$700,000 in 2012.

The Sewer Fund's primary revenues come from the sewer rate, leachate and septage collections, and the House of Flavors surcharge for the BODs in system. Assuming there are no increases in sewer rates, and capital improvements of \$300,000 in each of the next three years, there will be deficit spending in 2010 through 2012 with the unrestricted cash balance dropping significantly.

City Manager Shay explained that the City staff will formulate options to address these projected budget shortfalls. Once these options are ready we will go to the Finance Committee and then to City Council. Councilor Peterson asked if we could handle another catastrophic event as last June. City Manager Shay explained that yes we could support this type of expenditure, but we must maintain an adequate cash balance in this fund to support these types of emergencies. He explained that the City did receive reimbursement from FEMA of \$57,000, and will receive \$286,900 from the Federal Highway Administration for this storm. Councilor Scott asked if these projections took into consideration the extension of the outfall on the wastewater. City Manager Shay stated that currently the City is looking at several options; either keeping the outfall pipe where it is, extend the outfall into the wetlands, or to reroute the outfall pipe but that none of these options are included in these projections.

His Honor Mayor Henderson again reminded all that these projections are assuming that the City makes no adjustments to the way we operate the City, but the City will address any options to avoid negative spending.

Moved by Councilor Castonia, seconded by Councilor Scott, to authorize Consumers Energy Company to make changes in the streetlighting service as provided in the Standard Streetlighting Contract between the City and Consumers Energy dated June 1, 1977 in accordance with the Authorization for Change in Standard Streetlighting Contract dated March 3, 2003. City Manger Shay explained that Consumers Energy switched out a street light at 507 E. Ludington Avenue from a mercury vapor light to a high pressure sodium light which will result in a lower electrical cost to the City. Motion Carried.

Moved by Councilor Castonia, seconded by Councilor Dykstra, to approve the Downtown Ludington Board's request to hold a New Years Eve Ball drop in the N. James Street Plaza Area on New Years Eve 2009. His Honor Mayor Henderson stated he went to the Grand Rapids' Ball Drop in 2008 and this event put 40,000 people in their downtown area, and thought this would be a good idea to boost the economy in the downtown area. Cary Shindeldecker and GLC will partner to get this event going. Councilor Scott asked if alcohol would not be served on the street. His Honor Mayor Henderson explained that alcohol will be served on the street and that the City is working with the Liquor Control Commission. Police Chief Barnett explained that this would be a paved venue with a closing of the street, which will allow alcohol. Motion Carried.

Moved by Councilor Castonia, seconded by Councilor Dykstra, to approve the 2008 Fire Department Annual Report. Fire Chief Jerry Funk summarized the report and was available to answer questions. The Fire Department added two new firemen which make a total of 19 firemen. He commended the firefighters on the many hours of training and expressed appreciation for their dedication and commitment to their job. He thanked the Police Department for catching the arsonist in the recent arson fire. Councilor Peterson questioned what a good intent call is. It was explained that there really is no fire. He then asked why when there is a structure fire there is no indication of the number who responded. Chief Funk stated these types of fires average about 15 firemen and he stated that he would put this information in future reports. Councilor Castonia acknowledged that this is a very good report. Councilor Dykstra stated that there are 19 firemen and asked whether this is a full contingent. Chief Funk stated that there should really be one more to make a full contingent of 20. Councilor Dykstra explained that the City of Ludington's Fire Department has one of the lowest insurance ratings, which is a 5. Councilor Scott reiterated that we are the lowest rating that we can get for a volunteer fire department. Motion Carried.

Moved by Councilor Castonia, seconded by Councilor Holman, to approve the 2008 Department of Public Works, Motor Pool, Cemetery and Parks Annual Report. Superintendent Shawn McDonald summarized the report and was available to answer questions. He explained that the department started plowing November 15th and they have not yet put the trucks away. Salt and sand usage is up based on the length of the winter. The Loomis Street boat ramp and the Copeyon docks are now in. In 2008, the DPW must keep track of fish offal that is pumped and Superintendent McDonald reported that they pumped over 200,000 gallons which was reported to the State of Michigan. Councilor Holman asked why DPW is required to report this information and it was explained that the City is now a licensed waste hauler and as such must report this information annually to the State. There is another new State regulation in that when DPW picks up the leaves they must report how many cubic yards of leaves are picked up because now the City has a licensed compost pile. Superintendent McDonald explained that there are 15 special events that his employees work on. There were 27 free/thaw cycles on the streets, which means that the DPW employees have been out regularly patching these holes. A new playground was put in Copeyon Park in 2008. DPW is working on the stimulus package, via webinar. There should be \$185,000 in Small Urban Grant money to either spend in South William Street for two blocks and then may go to Loomis Street to do a mill and fill. Councilor Engblade asked if we still sealcoat the streets as he is sure this keeps the potholes down. Superintendent McDonald said no and that the last time this was done was 6 years ago, but there were complaints from the City residents because it was too dusty until the stone and tar mesh. However, this is an option that they will look at. Councilor Dykstra complimented the DPW and explained that report sheds a light on everything that the DPW does. Superintendent McDonald commended Julie Ledger on her work in this department. His Honor Mayor Henderson asked that Superintendent McDonald extend the City's thanks to all employees of the DPW, Motor Pool, and Cemetery crew. Motion Carried.

Moved by Councilor Castonia, seconded by Councilor Holman to approve the 2008 Police Department Annual Report. Police Chief Mark Barnett summarized the report and was available to answer questions. He noted that calls for services went down between 2007 and 2008. An officer staffing report was presented. A crime summary report was presented and explained that assaults, larcenies and malicious destruction of property are the incidents that take the most manpower. Police Chief Barnett then presented the number of arrests. He explained that the number of traffic accidents has decreased over the last eight years, up just slightly over 2007. The purpose of traffic enforcement is to limit the number of accidents. He then provided a summary of significant events that happened during 2008 which included a shooting incident on North William Street, a missing person investigation, financial exploitation of a vulnerable adult, and a residential burglary with stolen and recovered firearms. Chief Barnett then presented an update on the Ludington Police Department's networking with other groups, the T.A.P.S. (Target Are Problem Solving) Committee, Neighborhood Watch Program, Crime Free Multi-Housing Seminar, Drive Safe, Drive Sober Program, the Ludington Skate Plaza, the Movies in the Park Program, and training of all officers. Councilor Holman asked about the neighborhood watch program at Pineway, did they come to the Police Department or did the Police Department go to them. It was explained that this was a result of a Crime Free Multi-Housing Seminar, the questions were raised and the action resulted from there. Motion Carried.

His Honor Mayor Henderson, expressed appreciation to all department heads in a good job that they do all year round.

His Honor Mayor Henderson showed pictures of eight kids that volunteered to power wash and clean up sand at the Skate Park Plaza. He also explained that they have implemented the helmet program at the Skate Park and have collected funds for children who need a helmet. Police Chief Barnett thanked the Fire Department for the power washer and to Hungry Howies for providing pizza for lunch.

Police Chief Barnett gave an update on the taxi ordinance. He explained that the Police Department is focused on compliance not enforcement. He has instructed the officers to begin a step program to encourage compliance, whereby the officers will stop the taxis and advise them to become compliant with enforcement to begin next week.

Councilor Enblade explained that Ordinance No. 191-09, Group Day Care Homes, was presented to Council a few meetings ago as a first reading. This was then sent back to the Building and Licenses Committee for review. After careful consideration, it is now recommended to not adopt this ordinance requiring a minimum distance between existing Group Day Care Homes. A map was presented showing the family day care homes which supervise 1-6 childrens, and the group day care homes which supervise 7-12 individuals. It was also communicated that there were very few complaints so Councilor Enblade explained that the Building and Licenses Committee is recommending that no further action be made on this ordinance.

Moved by Councilor Dykstra, seconded by Councilor Holman, to approve the United Way of Mason County's request to hold Ludington's First Annual Suds on the Shore Craft Beer Festival on August 22, 2009. Motion Carried.

RESOLUTION
EMERGENCY RELIVE
FEDERAL TRANSPORTATION FUNDS

WHEREAS, the Michigan Department of Transportation and the City of Ludington, are entering into a Contract for the purpose of fixing the rights and obligations of the parties in agreeing to the performance of emergency repairs in the City of Ludington for the following Emergency Repair jobs:

Job #105573C – The performance of preliminary engineering activities for the emergency culvert and road repair work at South Madison Street over the Creamery corners Drain and all together with necessary related work.

Job #105573A – Emergency culvert and road repair work at South Madison Street over the Creamery Corners Drain and all together with necessary related work.

WHEREAS, the city of Ludington Charter requires all contracts, agreements or leases shall be signed by the City Manager and City Clerk;

THEREFORE, BE IT RESOLVED, that the City Manager and City Clerk are directed to sign this Contract for Emergency Repairs with the Michigan Department of Transportation.

Moved by Councilor Enblade, seconded by Councilor Dykstra, to adopt the foregoing resolution. Motion Carried.

His Honor Mayor Henderson reminded the Council that City Assessor Rich Dykstra is retiring March 31st and that there will be a reception for him at City Hall at 1:00 p.m.

His Honor Mayor Henderson recognized City Clerk Luskin for successfully completing the requirements for the Certified Municipal Clerks program.

His Honor Mayor Henderson also recognized the thank you from Warren Smith, owner of Pomorski Tavern, to the Council, Law Enforcement, Fire Department, and the DPW, for the St. Pat's Day parade and stated that this was a big success.

Councilor Castonia expressed congratulations to the Ludington Varsity Boys' Basketball Team on winning the Regionals and wished them well on the Quarter Finals.

Councilor Holman would like to have the City Council consider moving the meetings back to 6:00 p.m. or 6:30 p.m.

Councilor Holman reminded Council and the public that the City has an election this year and that there are positions for the Mayor, the Clerk, the 2nd, 4th, and 6th Ward Councilor positions available. It was noted that petitions are available in the Clerk's office and must be in by 4:00 p.m. on May 12, 2009.

City Clerk Luskin reminded the public that the Census Bureau workers will be out between April 1 and June 30, verifying addresses.

Moved by Councilor Engblade, seconded by Councilor Dykstra, that the meeting be adjourned. So carried at 9:10 p.m.

Deborah L. Luskin, City Clerk