

April 28, 2008

Regular meeting of the Ludington City Council held in the Council Chambers of the Municipal Building on Monday, April 28, 2008, at 7:30 o'clock p.m.

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

Absent: Councilor Weston who was excused due to a previous commitment.

Also present were City Manager John Shay, City Attorney Roger Anderson, Police Chief Mark Barnett, Fire Chief Jerry Funk, City Treasurer Mary Reeds-Mortensen, and City Clerk Deborah Luskin.

Invocation was pronounced by Councilor Pete Enghlade.

Pledge to the Flag was given.

One addition was added to the agenda under item 7 (b) Ludington Mural Society. The Ludington Mural Society is also requesting to have a table set up by the Clock Tower and sell tickets to the event during the hours of 12:00 p.m. – 4:00 p.m. on the day of the event. Moved by Councilor Castonia, seconded by Councilor Holman, that the Agenda be approved as corrected. Motion Carried.

The meeting was opened for public comments.

Tracy Thompson, 1006 N Sherman, urged Council to pass the Traffic Control Order to put a stop sign at the corner of North Sherman Street. He explained that it is a difficult and dangerous intersection. He expressed appreciation to Chief Barnett for putting up a temporary stop sign for 90 days.

Kim Halladay, 1002 N Sherman, echoed Mr. Thompson's views on the stop sign. He has noticed a dramatic change in the speed that has gone through that area once the temporary stop sign was in place. He encouraged Council to consider making this a permanent arrangement.

Ryan Glanville, 1004 N Sherman, explained that at the temporary stop sign there is a school bus drop off at Woodlawn Ave. so that the children are crossing Sherman St. and he believes this is a benefit to those children. He stated that it is time and that there is a need to have a stop sign. He thanked the Chief for putting the stop sign in on a trial basis.

Tom McKenna, owner of the Plaza Café on James Street spoke on behalf of the closure of James Street. He stated that anything the City does to close this street must be tight to keep the drivers out. He is also encouraging the City to maintain a slow speed area in the alley as well.

Lyla McClelland, 309 N Harrison, explained that the idea of closing James Street was part of the original plans of the DDA. She has offered to make herself available and to provide any information from the original plans to assist in this closure.

William John Broughton, 312 E Melendy, expressed his concern that during the spring clean up period, no garbage can be put out until Thursday evening prior to the pick up date and that garbage has been out for a week on the South end of town. His Honor Mayor Henderson stated that this issue would be addressed later in the meeting.

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

Moved by Councilor Peterson, seconded by Councilor Dykstra, that the minutes of the regular meeting held 04/14/08 be approved as printed. Motion Carried.

Moved by Councilor Castonia, seconded by Councilor Holman, that the request received from the Ludington Area Jaycees to sponsor the annual 2008 Parade of Cars Car Show for Saturday, September 6, 2008, be approved without the banner being hung over Staffon St. His Honor Mayor Henderson expressed appreciation to the Jaycees and Lexi Taylor for organizing this event and extending the summer by having this event in September. Motion Carried.

Moved by Councilor Holman, seconded by Councilor Peterson, that the request received from the Ludington Mural Society to post signs at designated locations one week prior to the Ludington Mural Society Home Tour on July 12, 2008, and to place a table by the clock tower on the day of the home tour to sell tickets from 12:00 p.m.-4:00 p.m. be approved. Motion Carried.

Julie VanDyke, Mason County Growth Alliance, and Ed Palsrok, Director of Workforce Development at West Shore Community College gave a presentation on the Importance of Manufacturing in Michigan. They explained how manufacturing is still very important to our country as well as Mason County. His Honor Mayor Henderson stated that he asked for this presentation because he is asked many times about the emphasis on tourism in Mason County. He explained that manufacturing in Mason County is doing very well. The Mason County Growth Alliance is working to sell the manufacturing in our county.

Moved by Councilor Holman, seconded by Councilor Peterson, that the Finance Report with total expenditures in the amount of \$296,338.13 for this period be approved and orders drawn according to the City Charter. Councilor Holman explained that the new monthly Finance Report was very easy to read and understand. Motion Carried.

Moved by Councilor Scott, seconded by Councilor Dykstra, to approve switching the City's health insurance coverage from Blue Cross Blue Shield's PPO-2 Plan to the PPO-14 Plan for all City employees and offering the PPO-14 Plan to the retirees currently on the City's insurance, with the City reimbursing all of the deductibles that are incurred. City Manager John Shay stated that the Health Insurance Committee formed in December 2007, which represented department heads, representatives from both unions and the front office staff looked at a variety of health plans, within the confines of the current union contracts. The Committee explored the PPO-14 coverage which is identical to the PPO-2 plan with the exception of higher deductibles. He explained that the gross savings from switching from PPO-2 to PPO-14 is about \$167,900 and assuming between 30 and 40 percent of employees would maximize their deductibles during the year, the City would reimburse employees about \$65,000, bringing the overall savings down to \$102,000. City Manager Shay stated that the Blue Cross Plan has a rate stabilization reserve which Blue Cross uses to mitigate the expenses. Currently, the City's rate stabilization reserve has a deficit of \$250,000. In order to bring this into a positive amount Blue Cross will recoup about 25% of this amount when calculating next year's premiums. The Health Insurance Committee is also recommending that the savings generated from switching to the PPO-14 Plan be used to reduce the deficit in the rate stabilization reserve in order to reduce future increases in premiums. The Committee intends to meet regularly to continue to review the health insurance premiums and costs on an ongoing basis. The effective date of this change will be made June 1, 2008. Councilor Dykstra questioned if the motion made included using the savings generated from switching to the PPO-14 to be used to help offset the rate stabilization reserve. It was agreed that the motion did include this language. Councilors Castonia and Engblade abstained from voting due to having the opportunity to receive the health insurance benefits as retirees of the City. Motion Carried. Councilor Scott expressed his appreciation to the Committee for the work done in arriving at this recommendation.

Moved by Councilor Castonia, seconded by Councilor Scott, to approve the Agreement between the City and Prein & Newhof to provide engineering services for the design and construction of improvements to the existing Leachate Receiving Station located at the City's wastewater treatment facility in the amount of \$10,835. Councilor Scott explained that the City increased the leachate fee structure a few weeks ago and that should help to defray the cost as this was not budgeted in 2008. Wastewater Superintendent Allard explained that there was always a leachate station at the Wastewater Plant but this will allow bigger trucks to go in and out faster as well as continue to allow the RV campers to dump. It was explained that the construction estimate is \$40,000 with a contingency of \$4,000 and the engineering cost is \$10,835. The project will be bid at the same time as the North Lewis Street and Rowe Street projects. Motion Carried.

Moved by Councilor Castonia, seconded by Councilor Dykstra, to approve CJ's Excavating's bid in the amount of \$190,847.01 for the Franklin Street project and approve CJ's Excavating's bid in the amount of \$342,285.58 for the South Madison Street project. Councilor Peterson asked about the possibility of the end cost coming in at a higher price. City Manager Shay stated that the City is not expecting any changes but with any underground work the possibility does exist that unforeseen items may come up which may warrant a change order. Motion Carried.

RESOLUTION TO APPROVE AN INSTALLMENT PURCHASE CONTRACT

WHEREAS, THE City Council ("Governing Body") of the City of Ludington finds that it is in the best interest of the residents of the City of Ludington to purchase the fire equipment in the Contract described below on an Installment Purchase Agreement pursuant to Act 99 of the Public Acts of 1933 as amended.

THEREFORE, be it resolved as follows:

The proposed Installment Purchase Contract among the City of Ludington ("Buyer"), Pierce Manufacturing, Inc. ("Seller"), and Fifth Third Bank ("Assignee") in the principal sum of seven hundred fifty-three thousand two hundred thirty-five and 00/100 (\$753,235.00) (the "Contract"), substantially in the form presented to this Governing Body on this date, is approved and the City Manager and City Clerk are authorized to make any modifications to the Contract deemed necessary or desirable and not inconsistent with the terms of this Resolution, and to execute the Contract and any other documents necessary to complete the purchase of the fire equipment on behalf of the City of Ludington.

The Governing Body hereby pledges its full faith and credit for payment of its obligations under the Contract.

The Governing Body shall include in its general operating budget for each year until the Contract has been paid in full such sum or sums as shall be necessary to make payments of principal and interest when and as the same became due in accordance with the provisions of the Contract.

The Governing Body covenants to comply with all requirements of the Internal Revenue Code, as amended (the "Code") necessary to assure that the interest on the Contract will be and will remain excludable from gross income for federal income tax purposes.

Such Contract is designated as a qualified tax exempt obligation as described in Section 265(b)(3)(B) of the Internal Revenue Code as amended.

Moved by Councilor Castonia, seconded by Councilor Scott, that the foregoing Resolution to Approve an Installment Purchase Contract, with authorizes the City Manager and the City Clerk to execute the Installment Purchase Contract be approved. Councilor Engblade asked if the rate for this installment purchase agreement would be 3.79% as was proposed in the initial agreement. City Manager Shay explained that Fifth Third's rate would change based on market rates and the rate is now 4.02%, if the City closes by the end of the day on April 29, 2008. This rate is below the next lowest bid of 4.79%. Discussion continued regarding the motion to also include approving the Agreement to Transfer Title and Assumption Agreement between the City and Western Mason County Fire District Authority. Moved by Councilor Castonia to adopt the Resolution to Approve the Installment Purchase Contract and to approve the Agreement to Transfer Title and Assumption Agreement between the City and the Western Mason County Fire District Authority. Councilor Holman brought to Council's attention that a resolution was already on the floor . As a result, the initial resolution, as noted above, was acted upon. Motion Carried.

Moved by Councilor Castonia, seconded by Councilor Dykstra, to approve the Agreement to Transfer Title and Assumption Agreement between the City and the Western Mason County Fire District Authority. Motion Carried.

Moved by Councilor Castonia, seconded by Councilor Scott, to approve the Radio Station Operating Agreement between the City of Ludington and Information System Specialists, Inc. This would be a 10 year license with the Federal Communication Commission to operate an AM travelers' information radio station. Sable Points Lighthouse Keepers Association has contracted with Information Station Specialists (ISS) to operate the radio station. According to the terms of the proposed 10-year agreement, ISS would be responsible for all costs associated with operating and maintaining the station. ISS would install an antenna at the Water Treatment Plant to provide the signal for the station. Motion Carried.

TRAFFIC CONTROL ORDER #92-A DETERMINING AND ESTABLISHING A STOP STREET

Under authority given by Section R28.1126 Rule 126, subsection (1)(a) of the Uniform Traffic Code for Cities, Townships, and Villages, adopted by the City Council of the City of Ludington, it is hereby determined that a hazard exists on North Sherman Street at the intersection of Woodlawn Street, due to a sweeping turn combined with a hill cresting at the intersection. These circumstances create hazards for both vehicular and pedestrian traffic. Thus North Sherman Street shall be established as a stop street at the intersection of Woodlawn Street.

Moved by Councilor Scott, seconded by Councilor Engblade, to approve the Traffic Control Order #92-A to establish North Sherman Street as a stop street at the intersection of Woodlawn Street and to approve permanent status on this Traffic Control Order. Police Chief Barnett explained that there were 6 citations issued during the 90 day temporary status; 4 for disregarding a stop sign and 2 were for no operator's license and issued for failure to stop at the stop sign. It was noted that none of the citations were for speeding. His Honor Mayor Henderson asked the Chief why a stop sign instead of a yield sign. Police Chief Barnett explained that the yield sign is typically less effective. A safer situation is to allow for a stop sign. It was noted that a yield sign had not been tried at this location.

Roll Call: Ayes: Councilors Engblade, Scott, and Dykstra.

Nays: Councilors Castonia, Holman, Peterson.

As Councilor Weston was absent, His Honor Mayor Henderson voted Aye to end the tie vote. Motion Carried.

ELECTRONIC SIGN GUIDELINES

1. Messages or displays are to provide notice of a local event that provides a significant benefit to the Ludington community, including but not limited to an economic benefit to the community as a result of holding the event.
2. It is not the intent of the City to create a forum for displays that are primarily for the purpose of advocating particular political, religious or other points of view, candidate for office, or advertising a product or service are not permitted. The sponsor of an event may be identified in the message or display to assist in identifying the event.
3. No message or display shall be allowed that in the opinion of the City Council contains any offensive material.

4. No message or display shall be allowed that would be objected to by the Michigan Department of Transportation.
5. Any message or display that does not specifically pertain to a local event will be reviewed by the City Manager. The City Manager has the discretion to approve, deny or refer the request to City Council. If it is determined by the City Council not to be in the best interest of the city, or that the Council believes would jeopardize the ability of the City to allow messages or displays in the future, the request may be denied.
6. The fee to display a message on the City's electronic digital sign will be \$50 and the message will be displayed for 7 days. Non-profits and merchants in the DDA area will be assessed \$25. Messages are posted on a first come first serve basis.
7. The City will only display messages or announcements for events taking place with the City of Ludington.
8. Non-fee based events or public service events that do not derive a monetary profit for any organization or group, will be posted on the sign at the discretion of the City Manager.

Moved by Councilor Castonia, seconded by Councilor Holman, to approve the proposed changes to the foregoing Electronic Sign Guidelines. The changes include changing the fee to display a message on the sign to \$50.00 and have it displayed for 7 days. Non-profits and merchants in the DDA area will be assessed \$25.00. Non-fee based events or public service events that do not derive monetary profit for any organization or group, will be posted on the sign at the discretion of the City Manager. Councilor Peterson explained that there is too much information on the sign at any given time and that this is more of a detriment than a help for drivers. Councilor Dykstra agreed that an individual does have a problem absorbing the information on this sign. Motion Carried.

City Assessor Rich Dykstra presented the 2007 Annual IFT Survey which is a summary of the status of all the companies receiving tax abatements in the City. He also explained about the State of Michigan Department of Treasury has selected Mason County as a pilot county in which to perform a 14-Point Review Pilot Program. All of the jurisdictions within Mason County will be audited.

**RESOLUTION TO APPLY FOR GRANT FROM MICHIGAN COUNCIL FOR ARTS AND CULTURAL AFFAIRS
ON BEHALF OF THE LUDINGTON AREA ARTS COUNCIL**

WHEREAS, The City of Ludington supported the Ludington Area Arts Council application for assistance in 2007; and

WHEREAS, the City of Ludington supports the development of an Arts Center in the United Methodist Church building; and

WHEREAS, the \$50,000 request will be paid to the Ludington Area Arts Council upon completion of renovation; and

WHEREAS, the City will continue to have a mortgage or lien on the property so that in the event that the property is not developed for the purpose which the grant is given, and if under those circumstances the City would be responsible for repaying the grant, the City would have a secured claim for the amount that is needed to be repaid to the State; and

WHEREAS, the City agrees to make application on behalf of the Ludington Area Arts Council for the sole purpose of property renovation; and

WHEREAS, the Ludington Area Arts Council will be solely responsible for any local match requirements of the grant;

NOW, THEREFORE BE IT RESOLVED, the Ludington City Council approves the request by the Ludington Area Arts Council to apply for \$50,000 from the Michigan Council for Arts and Cultural Affairs provided they supply the local match requirement and comply with the terms listed above and all of the stipulations of the previous year's application.

Moved by Councilor Engblade, seconded by Councilor Scott, that the foregoing Resolution be adopted. Community Development Director Heather Loney explained that a similar request for approval of a grant was brought to Council at the last meeting, but since that time there have been some date issues for acquisition grants, and so the Ludington Area Arts Council is proposing to change the wording from acquisition to renovation. This resolution will replace the resolution approved at the last meeting Motion Carried.

Moved by Councilor Engblade, seconded by Councilor Dykstra, that the meeting be adjourned. So carried at 9:15 p.m.

Deborah L. Luskin, City Clerk

