

May 4, 2009

Regular meeting of the Ludington City Council held in the Council Chambers of the Municipal Building on Monday, May 4, 2009, at 6:30 o'clock p.m.

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

Absent: Councilor Weston who was excused.

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

Invocation was pronounced by Councilor Pete Engblade.

Pledge to the Flag was given.

Item E #1 under Committee items was added to the agenda, First Reading of Ordinance No. 194-09, to provide recreation entertainment activities to the public in the 100 block of N. James St. Moved by Councilor Engblade, seconded by Councilor Castonia, that the Agenda be approved as corrected. Motion Carried.

The meeting was opened for public comments.

Dave Miehke, 600 Sherman Oaks Ct., provided an update of the progress of the ORV Committee in Mason County. The Committee has met with the townships and was involved in a forum at MCC to answer questions posed by the con side to the ORV Ordinance. It was explained that most of the township supervisors have submitted requests to the County to move forward to facilitate the ORV Ordinance. This Ordinance will be decided by the County on May 12. The municipality of Scottville has approved a resolution to allow the ORVs in the City. He made himself available to answer any questions of the Council Members. One other comment that Dave Miehke had was on the changing of start time of the Freedom Festival Parade on July 4th. The start time has been 2 p.m. in the past, with a change to 1 p.m. this year. He asked if there was coordination with those units who attend both the Manistee and Ludington Parades.

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

Moved by Councilor Scott, seconded by Councilor Holman, to approve the minutes of the regular meeting 4/27/09. Motion Carried.

Moved by Councilor Engblade, seconded by Councilor Scott, that the request from the Ludington Mural Society to post signs at designated locations one week prior to the Ludington Mural Society Home Tour on July 11, 2009, 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. Councilor Holman commented that she opposed the placement of signs in the City's right of way as she believes that if we are going to allow any organization to place these signs, then we should allow everyone to place signs. She believes the organization should go to the property owner and ask them to place these signs on their property. Councilor Castonia agreed with Councilor Holman but believes that there are exceptions, and wonders what would happen if one day the Council were to vote no to these requests by nonprofit organizations. Article 800.1 of the City Code was then read which allows these signs on a temporary basis in the right of way. Councilor Engblade explained that he does not have a problem with this request for special events as long as there is no distraction to the travel or visibility at intersections. Councilor Peterson agreed with Councilor Holman that if the City allowed the placement of signs in the right of way once in a while, then the City must allow this practice all of the time. Councilor Holman explained that she will take this issue to the Planning Commission. Councilors Peterson and Holman opposed. Motion Carried.

Moved by Councilor Holman, seconded by Councilor Engblade, to approve the request received from the Ludington Jaycees to host the Freedom Festival events as requested, which include the Children & Pet Parade on July 3rd, and the Grand Parade and the Fireworks on July 4th. It was noted that the Grand Parade will begin at 1 p.m. rather than 2 p.m., as in the past. Councilor Holman asked Lexi Alvesteffer, Parade Chairperson, if the setup for the Ludington Parade is at 11 a.m. with parade time beginning at 1 p.m. and units are participating in the Manistee Parade, will there be enough time for these people to join the Ludington Parade. Lexi Alvesteffer explained that she has coordinated with various organizations to place these units in the back end of the parade to allow them time to return from Manistee and participate in the Ludington Parade. Motion Carried.

Moved by Councilor Holman, seconded by Councilor Peterson, that the Finance Report with total expenditures in the amount of \$186,563.62 for this period be approved and orders drawn according to the City Charter. Motion Carried.

Ken Berthiaume, CPA, addressed the Council to present the 2008 Audit, stating that once again the City was given an unqualified opinion, which is the best opinion possible, that the financial statements do fairly present the financial position of the City as of December 31st and the year then ended. In the Management Discussion and Analysis Section of the report, Ken went through the assets and the liabilities and noted that the City's overall net assets increased over the previous year; however, the cash position went down about \$1.3 million. This was also the amount that was invested in fixed assets. Property tax revenues went up about \$200,000 with state shared revenues down about \$5,000. The trend has been the local taxpayer is picking up where the State has left off. The City has been able to manage this very well and should continue to do so with the three year financial plan that is being prepared. Other changes noted included investment earnings were down over last year. Overall, the primary cost of the Governmental Entities went up about \$200,000 over last year. Enterprise Funds had \$300,000 swing over the previous year, with a net expense of \$278,000. Water and sewer funds held their own with the Water Fund being down \$60,000 as a result of water charges to PM Township being down. Ken explained that the enterprise funds still have considerable amounts of cash, even though they experienced some loss last year, the cash still is healthy. The investment loss in the Police Pension Fund was discussed and it was revealed that there was a \$600,000 loss as a result in the investment losses experienced this past year with the downturn in the economy. The liability for the City pension is shown in the footnote with pension being about 83% funded, and this is good. The Police Pension Fund is 68% funded, and it was explained that this is not as good. Ken explained that next year the financial statements must show the projected liability for the obligation to pay the retirees' health care benefits.

The internal control communication was reviewed and Ken explained that the auditors saw continued improvements in the internal controls, there were changes in the front office on the handling of transactions which allowed for a proper delegation of duties, the investment in the BS&A software has turned out to be a wise choice, and he explained that their firm received excellent help from the office staff during the course of the audit and this was appreciated. His Honor Mayor Henderson asked what the desired % funding for the police pension and it was explained that the standard would be in the 80 percentile. Councilor Dykstra asked about what the requirements for recording a liability represent, he asked what would this number tell us. Ken explained that in the past the City would spend roughly \$39,000 for health insurance on our retirees for one year's cost. If there were 20 people drawing on these benefits over their life and if the City had to have the money right now to cover these costs for past service, what would be the total cost of this be. It was explained that this could be a substantial amount of money and must be reported in the financial statements beginning in 2009. The police pension is covered by a tax levy for this liability, but because the assets have gone down over the past year, the obligation is still there so the percentage will be slipping. City Manager Shay explained that the police pension actuary makes assumptions on how many people will be retired and this is smoothed out over 4 years, with a 7-8% increase. However, with the loss of investment income over 2008, this may have to be made up with an increase in the tax levy. Councilor Peterson questioned the perpetual fund in the cemetery and how that is used. City Manager Shay explained that the City only uses the interest generated in the perpetual fund which is then transferred to the General Fund and is used as part of the maintenance of the cemetery.

Moved by Councilor Peterson, seconded by Councilor Dykstra, to approve the 2008 Audit Report. Motion Carried.

Councilor Englade presented the March Building, Zoning, and Enforcement Report.

Ordinance No. 194-09, an ordinance to amend Section 10-137 of the City Code, was presented for the first reading. This Ordinance has to do with the City having the ability to allow the approval of recreational activity at Stearns Park and North James Street Plaza. An individual has asked to bring a climbing wall to Stearns Park and to the North James Street Plaza. Councilor Holman questioned if the individual would be covered with insurance. It was explained that the requirement for insurance is in the park permit process and must be provided before an event is approved.

Ordinance No. 194-09 shall be presented for adoption on 5/18/09 and is available for public inspection in the City Clerk's office during regular business hours.

Moved by Councilor Holman, seconded by Councilor Castonia, to approve His Honor Mayor Henderson's request to appoint Barry Neal to replace Chris Pontz, who has resigned, to serve on the Downtown Ludington Board, with the term to expire December 31, 2011, effective immediately. Councilor Peterson opposed. Motion Carried.

Councilor Englade asked that both sides consider a resolution to the conflict with the business and employees on Sixth Street.

City Manager Shay explained that the Governor would make an announcement tomorrow to cut state revenue sharing for the current state fiscal year 2009. This is estimated to be a \$62,483 loss to revenue in the City through the end of September and close to \$82,000 if extended to December 31, 2009.

Moved by Councilor Engblade, seconded by Councilor Dykstra, that the meeting be adjourned. So carried at 7:10 p.m.

Deborah L. Luskin, CMC
City Clerk