AGENDA 6b
DATE 12-1-15

CITY OF NORTON SHORES
CITY COUNCIL WORK SESSION
November 24, 2015

A regular work session of the Norton Shores City Council was held on Tuesday, November 24, 2015 at 5:30 p.m. at City Hall, 4814 Henry Street.

Present: Mayor Nelund, Council Members Beecham, Dolack, Flanders, Hylland, Jurkas and Ostrom; also Mark Meyers, Mike Huston, Jerry Bartoszek, Jon Gale, Bob Gagnon, Lynne Fuller, and Doug Hughes

Excused: Council Member Martines

Absent: Council Member Moulatsiotis

1. Water Cross Connection Program

Public Works Director Jerry Bartoszek proposed revisions to the City's Cross Connection Control Program to include a residential component to comply with a directive from the Michigan Department of Environmental Quality in accordance with P.A. 399, the Safe Drinking Water Act. The program is designed to protect the water system from outside contaminants and has been in use for commercial and industrial properties. The proposal includes an ordinance amendment to repeal current language relating to the program and allow the Council to revise the program by resolution. There would be a gradual introduction to the program which requires plumbing inspections on all residential properties. Staff is proposing to conduct inspections, by a licensed plumber, only at the time water meters are replaced according to the existing replacement program which is on a 15-year schedule. The property owner would be responsible for the cost of the inspection.

Council Member Hylland had a number of concerns about the proposed residential requirements, the first of which was the unscheduled inspection. The program states "refusal of access when requested shall be deemed evidence of the presence of a cross connection and shall be subject to Section 2 of this program regarding discontinuance of service." This may result in the property owner being guilty of a civil infraction. City Administrator Mark Meyers explained that, as with other issues, staff must use discretion in each situation. He also stated a notice would be sent to residents prior to any inspections explaining the program and why it is necessary. Mayor Nelund questioned the need for Norton Shores to be in the forefront of a state-wide issue. Council's decision was to postpone action until enforcement by the DEQ.

2. Proposed Sewer Rate Adjustments

Mr. Bartoszek presented a proposal for adjustments in the sewer rates due, in part, to an increase of 3.5% in the wholesale sewer rate charged by the County. Additional maintenance operations have also resulted in increased operation and maintenance expenses. Staff recommends a reduction in the debt charge from $13.58 per quarter per sewer unit, an increase in the commodity rate from $3.35 to $3.89 per 1,000 gallons of water used. Additionally, it is recommended the flat charge for sewer only customers be increased from $83.93 to $92.62 per quarter. The effect of these adjustments on the bill for a typical home with a 5/8 inch water meter and City sewer, using 21,000 gallons per quarter, would be an increase from $189.09 to $194.78 or a 4.7% increase to their quarterly bill. Council agreed to consider approval of the adjustments at the next City Council meeting.

3. Water & Sewer Rules and Regulations Revisions

Mr. Bartoszek proposed revisions to the Water & Sewer Rules and Regulations. Recommended changes include: 1) Allowing a sewer cost reduction on a monthly basis as opposed to a quarterly basis for sewer only customers when the property is vacant; 2) Including a fee for sewer lateral inspections which has been in place for several years but not reflected in the rules; and 3) Previously discussed adjustment of sewer charges for the commodity and debt charges and for sewer only customers. Council concurred with the proposed revisions and the matter will move forward for adoption.

4. Proposed TIFA Plan Amendment and Renewal

Mr. Meyers discussed amendment and renewal of the City's Tax Increment Finance Authority (TIFA) and plan, established and adopted in 1986 for a 10-year period and renewed in 1996 for an additional 20 years, expiring December 31, 2016. Advantages to amending the plan and extending the term for an additional 10 years include continuing street improvements, sidewalk construction, traffic signal maintenance and drainage maintenance. The disadvantage to extending the district is that previously captured City tax revenue will not be available to invest in other areas of the city nor will the General Fund experience an increase in revenue. However, the City also has the ability to pass captured TIFA funds on to the General Fund, Capital Improvement Program and other funds if desired. It was also noted that if the TIFA is discontinued it cannot be recreated in the future. Council directed staff to begin the process for renewal which includes review and recommendation by the TIFA Board and a public hearing process with the City Council.

5. Fiscal Year 2015 Financial Audit

Finance Director Mike Huston introduced Doug Vredeveld of Vredeveld Haefner, LLC who presented the Fiscal Year 2015 audited financial statements. The report shows the City ended the year in sound financial condition but with a deficit in the Sewer Fund which has been corrected with a Fiscal Year 2016 increase in the related millage. Highlights for FY 2015 included investment income due to positive market value fluctuations, decrease in anticipated property tax revenue due to State eliminated personal property tax on equipment valued under $80,000, purchase of 13 acres of land to be added to Black Lake Park through a grant with the State of Michigan, and an increase in building activity and construction of an addition to the Police Department. Unfunded pension liability is now reported the Statement of Net Assets with other post-employment benefit liabilities to be included in the future. Mayor Nelund City Administrator Mark Meyers thanked Mr. Huston for his work preparing for the audit.

Meeting adjourned at 6:30 p.m.

Lynne A. Fuller, City Clerk