

CITY OF NORTON SHORES  
CITY COUNCIL WORK SESSION  
November 22, 2016

A regular work session of the Norton Shores City Council was held on Tuesday, November 22, 2016 at 5:30 p.m. at City Hall, large conference room, 4814 Henry Street.

Present: Mayor Nelund, Council Members Beecham, Flanders, Hylland, Jurkas, Martines, Morgenstern and Moulatsiotis; also, Mark Meyers, Doug Hughes, Jon Gale, Bob Gagnon, Mike Huston, Jerry Bartoszek, Anthony Chandler and Shelly Stibitz

Excused: Council Member Dolack

1. New Medical Marijuana Laws

Police Chief Jon Gale spoke to City Council about new changes in the medical marijuana law related to licensing facilities that will take effect on December 20, 2016. He offered the following three options to the City Council for consideration: 1) Take no action – which will prevent provision centers from opening in the City; 2) Adopt an ordinance allowing the operation of provision centers in the City; or 3) Adopt an ordinance prohibiting provision centers from operating within city limits and establishing a schedule of fines and fees for violations. Lieutenant Andy Fias, WEMET, was introduced and shared with City Council a presentation depicting the dangers to local communities when these facilities are allowed to operate. Lt. Fias gave statistics on the escalating strengths and means of delivery being experienced in places like Colorado where marijuana was legalized where the number of provision centers outnumbers most common retail stores. The state now has the highest number of marijuana users in all age groups across the country. Along with that, the state is also experiencing excessive costs in regulating these businesses and higher crime rates. It was the consensus of the City Council to move forward with Chief Gale's recommendation to draft an ordinance preventing medical marijuana provision center operations within city limits and establishing a schedule of fines and fees.

2. Fiscal Year 2016 Financial Audit

Finance Director Mike Huston introduced Doug Vredeveld of Vredeveld Haefner, LLC for the presentation of the Fiscal Year 2016 Financial Audit. Mr. Haefner went over some of the highlights of the report stating that overall the City remains in sound financial condition and, in fact, the General Fund that was budgeted to use \$250,000 in funds instead saw gains of \$6,016. As the City Council is aware, the status of pension and OPEB funding levels are of concern and steps are being taken to bring them back in line. Council Member Flanders stated that it is unfortunate that projected deficits can be used as a parameter yet projected revenue cannot. Mayor Nelund was pleased with the audit report and feels the City is in decent shape. City Administrator Mark Meyers thanked all Department Heads for monitoring their budgets and providing assistance in the preparation of the audit.

### 3. Managing Unfunded Accrued Liabilities

City Administrator Mark Meyers addressed the issue of unfunded accrued liabilities and the new urgency it possesses following new, more conservative, assumptions by the Municipal Employees Retirement System (MERS). Mr. Meyers formed a budget committee consisting of himself, Finance Director Mike Huston and Director of Administrative Services Anthony Chandler to brainstorm strategies to reduce the liability. Mr. Chandler followed with an overview of funding practices for pensions and other post retirement benefits (OPEB). Most recent is a MERS experience study that changed assumptions such as adjusting for longer lifetimes, lowering the assumed annual rate of returns, shortening amortization periods and changing fully funded periods from floating to fixed. Changes must be instituted to ensure the goal of sustainable retirement benefits through the objectives of lower costs, increased funding and spreading payments over a longer period. Mr. Meyers discussed the strategies the budget committee developed to accomplish this. Related to the pension program, changing programs from Defined Benefit to Defined Contribution was a goal of the City since 2010 and with a change in policy by MERS the City is now eligible to consider the option. Taking advantage of this would allow for managing compensation costs for new hires as well as existing employees. Other means of lowering the City's costs include review of compensation types reported to MERS for FAC calculations and attrition opportunities. At the same time, some strategies the City should consider to increase funding of the pension program are increased funding of the Actuarially Required Contribution (ARC) with pass-through of TIFA proceeds, implementation of pension contribution for all employee groups and appropriation of additional revenue (through growth and budget cuts) toward the ARC. Another possibility is to spread payments over a longer period by requesting an extension of the amortization period for closed plans and weighing the option to bond UAL for immediate elimination of the unfunded liability. In addressing these same issues with OPEB (retiree health coverage), the goal to lower costs could be managed by implementing a uniformed plan for all retirees based on the current plan provided to active employees and maintaining retiree health insurance plans based on market changes. Increased funding ideas remain the same with the possibility of a pass-through of TIFA proceeds and revenue growth and budget cut appropriations. Staff has identified \$700,000 in annual savings and additional funding to assist in managing unfunded accrued liabilities.

### 4. Lakeshore Workshop Village Water Looping

Public Works Director Jerry Bartoszek shared with City Council a letter from Seaver Storage, 7350 Grand Haven Road in which the project manager for the final phase of Lakeshore Village Workshop requests that the company be exempt from paying for looping of the water main in completing this project. Mr. Bartoszek stated that the Michigan Department of Environmental Quality (MDEQ) has not yet been contacted but feels that looping will be required. Because the line will need to be run under railroad

tracks there will be expenses beyond normal extension costs. Mr. Bartoszek's recommendation is for the City to pay for the permit from the railroad, insurance coverage and installation of the casing under the railroad. The property owner would be responsible for the cost to complete the looping of the water main, if required by the MDEQ, and City Council agreed.

Mayor Nelund reminded everyone that this is the final meeting in November.

Meeting adjourned at 7:52 p.m.

  
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Shelly Stibitz, City Clerk