

CITY COUNCIL MINUTES

City of Hillsdale
 January 23, 2017
 7:00 P.M.

Regular Meeting

Call to Order and Pledge of Allegiance

Mayor Scott Sessions opened the meeting with the Pledge of Allegiance.

Roll Call

Mayor Scott Sessions called the meeting to order.

Council Members present:	Scott M. Sessions, Mayor Adam Stockford, Ward 1 Brian Watkins, Ward 1 Timothy Dixon, Ward 2 William Morrissey, Ward 2 Bruce Sharp, Ward 3 William Zeiser, Ward 3 Matthew Bell, Ward 4 Patrick Flannery, Ward 4
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Council Members absent:	None
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Also present were: City Manager David Mackie, City Clerk Stephen M. French, City Attorney John Lovinger, Bonnie Tew (Finance), Kay Freese (HR), Scott Hephner (HCPD/HCFD), Jake Hammel (DPS), Mike Barber (BPU), Chris McArthur (BPU), Mark Hawkins (HCFD), Corey Murray (Hillsdale Daily News), Jason Walters (Patriot Aviation), Doug Balcer (Patriot Aviation), Kyle Martin (Patriot Aviation), David Grumhaus (HCFD), Mark Hawkins (HCFD), Corey Burke (HCFD), Steve McDowell (HCFD), Nic Rowan (Hillsdale Collegian), Dr. Gary Wolfram (Hillsdale Policy Group), Penny Swan, Dennis Wainscott, Gary Kurtz, Bill Walters, Kevin Pauken, Ray Briner, Richard Wunsch, Richard Smith, and Robert LaValle.

Approval of Agenda

Council Member Bell, seconded by Council Member Watkins, moved to approve the January 23, 2017 agenda as presented. By a voice vote, the motion carried unanimously.

Public Comment

Mr. Robert Lovell, 112 South Howell Street, questioned the assertion that it would cost approximately \$1.0 million to fully reconstruct one mile of two-lane roadway in the city. Mr. Lovell stated not all city streets were in completed disrepair and the city-wide costs for road improvements should be less expensive than what had been presented.

Mr. Greg Kurtz, 151 Westwood Drive, encouraged all Council Members to keep an open mind regarding the need for additional revenue for road improvement projects. Mr. Kurtz stated additional revenues through an income tax or special millage may be necessary to fund road improvements, and the city should consider the negative impacts of either job reductions or budget cuts to existing city programs.

Mr. Dennis Wainscott, 34 Garden Street, encouraged the city to provide additional transparency on the discussion of road funding and to release more information on the discussions held by the F.A.I.R. Committee.

Mr. Jack McLain, 1445 South Bunn Road, questioned if the owner of 42 Union Street had completed the purchase of the proposed liquor license for that location. Mr. McLain also discussed the comparison that had been made at the previous Council Meeting of the number of liquor licenses currently held within the City of Hillsdale and number of licenses that had been available in previous years.

Dr. Gary Wolfram, 3 Corona Court, discussed the features of Proposal A and the impact of lowered property values, state shared revenue, and Act 51 funding on local units of government. Dr. Wolfram noted previous City Councils had not ignored the needs for road maintenance, but had instead funded immediate priorities of the city, such as public safety. Dr. Wolfram noted the City of Hillsdale was in an advantageous position, as the city had no debt, even with the enormous reductions in funding from the State of Michigan.

Ms. Penny Swan, 192 South West Street, commended Council Member Bell for proposing a resolution that would require city staff to closely monitor all expenditures in the FY2018 budget in hopes of reallocating \$600,000 for road improvements and maintenance. Ms. Swan also discussed the continued development of new housing units by Hillsdale College and the loss of property tax revenue from those purchases.

Mr. Richard Smith, 63 South Broad Street, discussed a 2011 road study that had been completed for the City of Hillsdale and the very extensive data found within that report. Mr. Smith encouraged city staff to utilize zero-based budgeting to reduce city expenditures, which could then be used for road maintenance. Mr. Smith also discussed the importance of enforcing the property maintenance codes for blighted structures in the city and the need for special assessment districts to be utilized in project areas.

Consent Agenda

- A. Approval of Bills
 - 1. City Claims of January 12, 2017: \$153,421.81
 - 2. BPU Claims of January 12, 2017: \$595,096.89
 - 3. Payroll of January 12, 2017: \$101,461.01
- B. City Council Minutes of January 9, 2017
- C. 4th Quarter 2016 Public Safety Department Reports
- D. F.A.I.R. Committee Minutes of November 14, 2016

Council Member Watkins, seconded by Council Member Dixon, moved to approve the Consent Agenda as presented.

Roll call:	Council Member Bell	Aye
	Council Member Dixon	Aye
	Council Member Flannery	Aye
	Council Member Morrissey	Aye
	Council Member Sharp	Aye
	Council Member Stockford	Aye
	Council Member Watkins	Aye
	Council Member Zeiser	Aye
	Mayor Sessions	Aye

Motion passed 9-0.

Communications/Petitions

There were no Communications/Petitions on the agenda.

Introduction and Adoption of Ordinance/Public Hearing

There were no Ordinances or Public Hearings on the agenda.

Unfinished Business

There was no Unfinished Business on the agenda.

Old Business

There was no Old Business on the agenda.

New Business

- A. Purchase of BPU Utility Poles from Bell Lumber & Pole Company in the amount of \$25,281.00

BPU Director Barber presented a staff recommendation to purchase new utility poles for a project to upgrade the utility infrastructure from the Moore Road substation to the industrial substation. Mr. Barber reported the 46kV line was originally constructed during the 1960's and was in need of upgrade and repair. Mr. Barber stated the project required the installation of 26 new utility poles in varying lengths from Bell Lumber & Pole Company.

Council Member Morrissey, seconded by Council Member Dixon, moved to approve the purchase of 26 Douglas Fir utility poles from Bell Lumber & Pole Company in the amount of \$25,281.00

Roll call:	Council Member Bell	Aye
	Council Member Dixon	Aye
	Council Member Flannery	Aye
	Council Member Morrissey	Aye
	Council Member Sharp	Aye
	Council Member Stockford	Aye
	Council Member Watkins	Aye
	Council Member Zeiser	Aye
	Mayor Sessions	Aye

Motion passed 9-0.

- B. DART Service Animal and Portable Oxygen and Respirator Policies

Council Member Morrissey, seconded by Council Member Dixon, moved to approve the Dial-A-Ride (DART) Service Animal and Portable Oxygen and Respirator Policies as presented.

Roll call:	Council Member Bell	Aye
	Council Member Dixon	Aye
	Council Member Flannery	Aye
	Council Member Morrissey	Aye
	Council Member Sharp	Aye
	Council Member Stockford	Aye
	Council Member Watkins	Aye
	Council Member Zeiser	Aye
	Mayor Sessions	Aye

Motion passed 9-0.

C. Tentative Budgeting Schedule, Budget Priorities Discussion and Resolution

City Manager Mackie presented the tentative 2017-2018 budget schedule that would begin with the distribution of worksheets to department heads on January 24, 2017 and conclude with the budget adoption scheduled for June 5, 2017. City Manager Mackie reported budget presentations to Council could be held on the 2nd and 4th Mondays in April (April 10 & 24). City Manager Mackie responded to a question from Council Member Morrissey and stated the final recommendations of the F.A.I.R. Committee were not anticipated to be completed until March or April.

City Manager Mackie reported the department head meetings with the City Manager and Finance Director discussed very detailed expenditures of each department and employees were encouraged to think “outside of the box” when developing their expenditure budgets.

Council Member Stockford, seconded by Council Member Flannery, moved to adopt the tentative budget schedule as presented by City Manager Mackie.

Roll call:	Council Member Bell	Aye
	Council Member Dixon	Aye
	Council Member Flannery	Aye
	Council Member Morrissey	Aye
	Council Member Sharp	Aye
	Council Member Stockford	Aye
	Council Member Watkins	Aye
	Council Member Zeiser	Aye
	Mayor Sessions	Aye

Motion passed 9-0.

City Manager Mackie then presented the Council priorities for the FY2018 budget. City Manager Mackie noted the F.A.I.R. Committee was carefully reviewing specific information on the city roads, including reconstruction costs, funding resources, and status of existing roadways. City Manager Mackie stated each of the F.A.I.R. Committee meetings were held in compliance with the Open Meetings Act and each meeting was recorded and available for review on the city’s website.

City Manager Mackie distributed and discussed Resolution No. 3201 adopted November 17, 2014 which placed the infrastructure of roads to be a high priority in the budgeting process. City Manager Mackie also reviewed the report discussed Dr. Wolfram’s 2014 reported entitled, “The Need for Greater Revenue Sharing with Michigan Cities” and the reduction in funding received by local units of government for road improvement projects.

City Manager Mackie reported the General Fund expenditure budget was approximately \$4.0 million, with \$1.8 million of expenses directed towards police & fire protection. City Manager Mackie noted revenues were approximately \$1.9 million from property taxes, \$1.0 million from PILOT payments, Act 51 funding for road maintenance, and also state shared revenue.

City Manager Mackie reviewed the 2011 road study raised by Mr. Smith earlier in the meeting, which estimated the City of Hillsdale’s need for road repairs was estimated at \$32 million.

City Manager Mackie stated that since the recession of 2008, the city had reduced its full-time workforce by 26 positions, absorbed the annual reduction in revenue, maintained basic city services, and reduced expenses as necessary. City Manager Mackie stated the property tax revenues were not estimated to return to pre-2008 levels until 2030 at the earliest.

City Manager Mackie argued the city could not reduce its budget enough to fully fund adequate road improvements. City Manager Mackie reviewed various services provided by the city and the direct cost of each service to the city; those services included: leaf collection (\$80,000 annual expense), DART (\$50,000 annual expense to the city), the recreation department (\$60,000 annual expense), economic development (\$65,000), and support to the Mitchell Research Center (\$25,000).

City Manager Mackie stated that costs for city staffing comprised 55% of the total city budget, while additional expenses were anticipated in the upcoming year budget for the necessary purchase of a new fire truck and increases in pension-related costs. City Manager Mackie stated the fire department would soon be reduced to three, full-time firefighters to allow savings for the purchase

of a new fire engine.

City Manager Mackie discussed the city's expenses associated with the Hillsdale Municipal Airport and the need for the city to maintain the facility after receiving federal grants in past years for the improvements at the site.

Council Member Watkins stated the City of Hillsdale, as the county seat, was comprised of many tax-exempt properties including public buildings, college properties, and the hospital. Council Member Watkins also noted the city enjoyed the second-lowest tax rate of any city in the region and questioned if the city's existing revenue was sufficient for the necessary services to the area. Council Member Watkins argued that once a program was eliminated, such as Dial-a-Ride or the Recreation Department, it would be almost impossible to re-start that program in future years.

City Manager Mackie stated the elimination of the Dial-a-Ride program would most likely require the city to assign the service assets to another contractor who could provide a similar service to the residents. City Manager Mackie stated the City Council could impose a 3-mil sinking fund property tax that would generate approximately \$300,000 annually in additional revenue. City Manager Mackie noted any tax rate increase greater than 3 mills would require the approval of the residents through a special election.

Council Member Sharp stated the city had already reduced its expenses as much as possible and further cuts to the public safety and public services department were not possible. Council Member Sharp stated his property value had dropped 25% in the last five years, which reduced his tax bill by \$400.00. Council Member Sharp recommended some type of revenue increase, as a 3-mil increase to his residence would only cost an additional \$0.20 per day.

City Manager Mackie noted city staff would continue to look for budgetary savings throughout the FY2018 budget; however, the reductions in expenditures would not provide meaningful impact to fund a major road improvement project.

Council Member Stockford asked City Manager Mackie for an amount that could be reserved for road improvement projects in the FY2018 without negatively impacting public services or public safety. City Manager Mackie stated an additional \$300,000 could be reserved in the FY2018 budget, similar to the allocation made in the current year budget. City Manager Mackie stated the city also anticipated an additional \$140,000 of revenue was expected in the coming months from the increase in the gasoline tax and vehicle registration fees. City Manager Mackie reported the \$300,000 allocated in the current year budget had not been used and remained available for a capital project. City Manager Mackie continued that the creation of a 3-mil sinking fund, in addition to the two previous \$300,000 budget allocations, could create between \$900,000 and \$1.1 million in funding options.

Responding to a request from Council Member Morrissey, City Manager Mackie briefly reviewed the revenue options being considered by the F.A.I.R. Committee, including PILOT payments, special assessments, special millages, a local income tax, and grants.

City Manager Mackie voiced confidence that the FY2018 budget could include an allocation of \$300,000 for road improvements and maintenance. City Manager Mackie stated that to raise the allocation level to \$500,000 or higher would most likely involve staffing reductions, service cuts, or new revenue options that had been presented earlier in the meeting.

Council Member Bell introduced a draft resolution that would prioritize road improvement funding in the City of Hillsdale that would allocate \$500,000 in the FY2016 budget for new road projects and \$100,000 for road maintenance.

Council Member Bell, seconded by Council Member Flannery, moved to adopt the resolution, as submitted by Council Member Bell and included in the meeting packet.

Attorney Lovinger opined the resolution, as submitted, would bind the Council to allocate a minimum of \$500,000 in the FY2016 budget for new road projects and \$100,000 for road maintenance. Attorney Lovinger also noted the resolution may violate City Charter and State Constitution requirements as it would finalize the appropriation of funding in the FY2018 budget prior to the required public hearing. Attorney Lovinger stated the existing language of "shall" could be amended to "shall endeavor to", which would make the allocation less binding on the budget.

development process.

Council Member Flannery encouraged future legal or staff concerns with proposed legislation be brought to the attention of Council prior to a public meeting. Council Member Flannery stated the legal objections to the resolution should have been addressed to Council Member Bell or placed in a memo to Council. City Attorney Lovinger apologized for this confusion and stated he would make this a practice in the future.

Council Member Bell, seconded by Council Member Stockford, moved to amend the motion to adopt the resolution, by replacing the term “shall” as used in the resolution with the phrase “shall endeavor to.”

City Attorney Lovinger stated for the record that he had not been provided a copy of the draft resolution prior to receipt of the Council packet.

Council Member Dixon voiced a concern on approving an amended version of a resolution without adequate time to review the effects of the change.

Roll call:	Council Member Bell	Aye
	Council Member Dixon	No
	Council Member Flannery	Aye
	Council Member Morrissey	Aye
	Council Member Sharp	No
	Council Member Stockford	Aye
	Council Member Watkins	No
	Council Member Zeiser	Aye
	Mayor Sessions	No

Motion passed 5-4.

Council Member Zeiser also voiced displeasure with assertions that had been made in recent weeks that Hillsdale College seized more from the community than what it provided in benefits. Council Member Zeiser reported the new housing units that were purchased and renovated by Hillsdale College, for example, were not tax-exempt as what was alleged by Ms. Swan earlier in the meeting, but in fact, provided more tax revenue than had been received from the previous owners. Council Member Zeiser strongly objected to any assertions that the endorsement of the resolution as amended was impacted by any the relationship between any Council Member and Hillsdale College.

In response to a question from Council Member Sharp, it was noted that the resolution as amended did not require the allocation of \$500,000 in the FY2016 budget for new road projects and \$100,000 for road maintenance, but the instead established a funding goal for those needs.

City Attorney Lovinger, in his legal opinion, the amended resolution was non-binding legislation that was not problematic with the City Charter or the public hearing requirements of the State Constitution.

Council Member Bell, seconded by Council Member Watkins, moved to adopt the resolution as amended.

Prior to voting on the motion, Council Member Morrissey noted that in any decision of Council, there will have to be sacrifices made to fund road improvements, either through a tax increase, or through a city service reduction.

Council Member Sharp noted the State of Michigan was obligated to raise \$600 million in FY2018 for infrastructure improvements, which made the City of Hillsdale’s chances of receiving an increase in state funding highly unlikely.

Roll call:	Council Member Bell	Aye
	Council Member Dixon	Aye
	Council Member Flannery	Aye
	Council Member Morrissey	Aye
	Council Member Sharp	Aye
	Council Member Stockford	Aye

Council Member Watkins	Aye
Council Member Zeiser	Aye
Mayor Sessions	Aye

Motion passed 9-0.

Miscellaneous

A. Board & Committee Appointments

Council Member Watkins, seconded by Council Member Flannery, moved to approve the following appointments:

1. Mr. Carl “Bud” Heinowski to the Shade Tree Commission
2. Ms. Darnella LoPresto to the Election Commission
3. Ms. Jean Porter to the Election Commission
4. Ms. Juli Yoder to the Election Commission

By a voice vote, the motion carried unanimously.

City Manager’s Report

City Manager Mackie reported:

1. The February 6, 2017 City Council meeting agenda would include a draft resolution submitted by Council Member Bell regarding the Airport Advisory Committee, a presentation in regards to the community branding initiative, and a proposed land lease with AT&T for the placement of a new cell tower on city property.
2. The F.A.I.R. Committee members had requested their next meeting include state and federal representatives to discuss the funding road improvements in the local level. City Manager Mackie stated the meeting had not yet been scheduled.

Council Member Watkins discussed the need for a policy that would provide appropriate legal review for legislation presented by Council Members for consideration.

Council Member Flannery questioned if the city could purchase a new fire engine through a short-term loan. City Manager Mackie stated he would review this option with the Finance Director.

General Public Comment

Mr. Richard Wunsch, 98 ½ North Broad Street, discussed the “town-gown” division and class issues between the City of Hillsdale residents and Hillsdale College. Mr. Wunsch also noted the University of Michigan had a Payment In-Lieu of Taxes (PILOT) agreement with the City of Ann Arbor and had also purchased a fire truck for the Ann Arbor in recent years.

Mr. Pauken noted the Hillsdale City Fire Department once had seven full-time firefighters, while the current plans would reduce that number to only three full-time personnel. Mr. Pauken also voiced opposition to the funding of a new fire engine by reducing staffing levels at the department.

Mr. Wainscott thanked the City Council and City Manager Mackie for the open discussion held at the meeting regarding the road funding issues.

Mr. Kurtz encouraged the City Council to have an open and frank discussion on the need for a revenue stream that could be used for road funding.

Mr. McLain discussed a recent news article that questioned the residency of BPU Board Members. Mr. McLain also questioned why the most recent F.A.I.R. Committee minutes were not included in the Council packet. Mr. McLain objected to the placement of the AT&T cell tower at the proposed

site, as the height of the tower was greater than the set-back of the tower from the property lines.

Mr. Smith encouraged Council to increase the city's millage rates so additional revenue could be used to fund road improvements.

Ms. Freese stated city staff had always carefully monitored their expenditures when developing a budget and steps had always been taken to maximize efficiencies in the city. Ms. Freese complimented the current employees of the city at their dedication and service to the community.

Council Comments

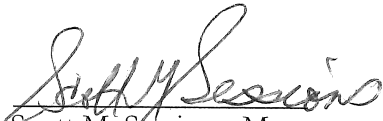
Council Member Watkins noted the planned repainting of the water tower could include the placement of a town slogan or mural that could highlight the City of Hillsdale.

Council Member Morrissey thanked city staff for the removal of the snow piles in the downtown area and also encouraged City Manager Mackie to forward Dr. Wolfram's report to the members of the F.A.I.R. Committee. Council Member Morrissey also encouraged city staff to provide additional information on the city's website on road improvement projects that had been completed in recent years.


Adjournment

Council Member Bell, seconded by Council Member Watkins, moved to adjourn the meeting. By a voice vote, the motion passed unanimously.

The meeting adjourned at 9:23 p.m.



Scott M. Sessions, Mayor



Stephen M. French, City Clerk