

Council Chambers  
Hillsdale City Hall  
97 N. Broad St.  
Hillsdale, MI 49242

April 7, 2014  
7:00 p.m.  
(517)437-6441  
[www.cityofhillsdale.org](http://www.cityofhillsdale.org)

## CITY COUNCIL MINUTES

City of Hillsdale  
Regular Meeting

### **Call to Order and Pledge of Allegiance**

Mayor Scott M. Sessions opened the meeting with the pledge of allegiance.

### **Roll Call**

Mayor Scott Sessions called the meeting to order with the following Council members present: Council members Brian Watkins and Adam Stockford representing Ward One; Council member Sally Kinney representing Ward Two; Council member Emily Stack Davis Ward Three; and Council members Patrick Flannery and Mary Beth Bail representing Ward Four.

Also present were City Manager Linda Brown, City Clerk Robilyn Swisher, City Attorney Kevin Shirk, Michelle Loren, Keith Richard, Matt Durr, Jane Englehart, Robert Socha, Shawnae Urban, Eric Macy, Aimee England, Bethany Miller, Mike Thompson, Ruth Brown, Taylor Knopf, Tony Ginolfi, Grant Baker, Terry Vear, Nick Page, Tom Mcnicholas, and Eric Macy.

### **Approval of Agenda**

Motion by Councilperson Watkins, supported by Councilperson Davis to approve the April 7, 2014 Agenda as presented.

All ayes.

Motion carried.

### **Public Comment**

Terry Vear, Hillsdale Senior Center, stated the Senior Center had a good audit that showed that \$0.87 out of every \$1.00 goes to direct services and \$0.13 goes to administration and fundraising. Terry explained some of the programs and services they have available for seniors, and statistics in the community. Terry stated that the Senior Center provided services to 375 clients in the city of Hillsdale from October 2013 to April 1, 2014. Terry invited all of Council to attend the Good Friday Breakfast at the Hillsdale Senior Center between 8:00 am and 10:00 am. Terry also wanted to let council know that the Senior Center is currently approximately \$4,000.00 away from their emergency generator Champaign of \$204,200.00, and they are hoping to be there in the next couple of months.

Robert Socha, Broad Street Market, stated that he is available if there are any questions for him regarding the Obsolete Property Rehabilitation Exemption they have applied for.

### **Consent Agenda**

- A. Approval of Bills from march 13, 2014: Claims of \$102,759.15 Payroll of \$96,267.10
- B. Committee Reports (Pending Approval):
  - TIFA Minutes of 1-21-14
  - TIFA Target Development Minutes of 2-3-14
  - Public Service Minutes of 2-27-14
  - TIFA Target Development Minutes of 3-11-14
  - TIFA Façade Grant Committee Minutes of 3-14-14
  - Finance Minutes of 3-31-14
- C. Council Minutes 3/17/14

Motion by Councilperson Watkins, supported by Councilperson Davis, to approve the Consent agenda as presented. Roll call: Mayor Sessions – yes; Councilpersons Bail – yes; Stack-Davis – yes; Flannery – yes; Kinney – yes; Stockford – yes; Watkins – yes.

Approved 7-0.

Motion carried.

### Communications and Petitions

Ted Jansen - Letter

### Introduction and Adoption of Ordinances/Public Hearings

Public Hearing – Rental Rehabilitation

City Manager Linda Brown stated that Council set a public hearing to be held on April 7, 2014 at 7:00 pm regarding the application for funding under the MSHDA Rental Rehabilitation program. City Manager Brown requests that prior to conducting the public hearing the Resolution be passed officially adopting the Fair Housing Policy which is attached to the application. Council had previously passed the policy subject to legal review. The City Attorney has completed his review with no modifications to the policy.

Eric Macy, 302 River Street Nonic Technology, owner of buildings at 74 & 76 North Howell. Eric stated that they are planning on using the rental rehab program, if passed, to renovate the second floor of their building into three apartments each will be 1000 square feet. The planned budget for the renovation will be \$209,000.00 and it will also include moneys approved by TIFA to replace 22 windows as well. This program is key for us to move forward and to establish enough equity in the building to secure the loans to bill out the three apartments.

Jane Englehart, 159 East South St, expresses her concern with the parking for the downtown rentals.

Grant Baker, Gelzers Inc, expressed his support of the program but also expressed his concern with the parking issues that these downtown apartment rentals have on the businesses near them, with parking violations and problems with snow removal. Grant encouraged Council to address these issues.

Mary Wolfram, Economic Development, thanked Jane and Grant for coming and being interested on what is going on in the city. Mary explained that the people who own the buildings that will be using the program are downtown businesses not sprawling apartment complexes. Mary stated that parking had not been part of the discussion yet. Planning Commission has a work session April 8, 2014 and parking will be part of the discussion at that meeting. Mary also stated that all three business owners do have their own designated parking in the rear of the building. Mary also stated that this program does not change any of the current parking regulations. Mary thanked all of the building owners who have applied for the program for the time they put in filling out applications and for fulfilling all of the requirements of the program. She went on to thank the third party administrator Michael Thomas who represents Revitalize. Mary stated that the City has to be the middle man between MSHDA and the property owners that is the only way the program works. Mary thanked City Manager Linda Brown for her work helping with the program, as well as Bonnie Tew for stepping up to be the finance director. Councilperson Stack-Davis asked why the parking for these new rentals has not been addressed before this came together, or as this came together.

Mary Wolfram stated that there is designated overnight parking in some downtown parking lots as well as the parking that the building owners provide, so she did not feel it was a real issue. She felt that the parking issue was the parking in front of the store fronts during business hours, which was addressed with the ban on overnight parking. Mary stated that in her personal opinion she would like to see the city allow overnight parking but then strictly enforce parking restrictions, with ticketing or even towing, of vehicles that are left there during business hours.

Jane Engelhart stated that her concern was stemming from her job. When people have been ticketed and want to know why they have to park a block away from their downtown apartment. Mary explained that it is an issue of keeping streets cleaned.

Councilperson Watkins stated that the parking issue was also his biggest concern but it seemed to be handled with the building owners providing their own parking. Councilperson Watkins also stated that he would like to see that any out of town building owners are required to have a local agent that can represent them if needed. Mary Wolfram stated that we could encourage that. There are cities that have ordinances that require that. Mary Wolfram went on to say that the Council approved the Rental Rehab District Map a while back and everyone in that district

Public  
HEARING  
RENTAL  
REHAB

got a letter telling them about this program, so everyone had the same opportunity to take advantage of the MSHDA Rental Rehabilitation program.

Councilperson Stack-Davis asked if the parking is in the back of the buildings does that mean there is a back entrance for the apartments. Mary stated that there are not back entrances to all the apartments.

Mayor Sessions asked how the need for the program was identified. Mary stated that there are two goals of this program, one is to provide affordable housing and the other is place making. This program is more about place making than low income housing. It is affordable housing for the first five years, after that the pricing is based on fair market value. This program is geared towards saving the historic downtown. They have determined that keeping residents in the downtown area is good for a thriving vibrant downtown area. Mary stated that we had a MSHDA Blueprint for Hillsdale's downtown area from about five years ago that was adopted by Council as part of our Comprehensive Land Use Plan. That plan stated that we needed to encourage residents' downtown, and as part of this program an intern conducted a survey. The results of that survey stated that there are 43 buildings downtown that had second and/or third story space, of those there were 35 apartments and 33 of them were rented. That is a high occupancy rate so you could read into that the need for more downtown housing. Mayor Sessions asked how the proposed activities will be funded including to the extent known of the anticipated source of the funds. Mary Stated that in the application you can see that each of the business owners are bringing to the table at least 25% of the cost of the renovation. Each of the owners is providing more than that 25%, and each of the business owners is getting \$40,000.00 per unit from MSHDA, so that is how it is funded. The city is not providing any of the funding other than whatever staff time it might take city employees to help with the program. There is also a third party administrator and that funding comes from MSHDA too, it is built into the grant.

Mayor Sessions asked the date the application will be submitted. Mary Wolfram stated that the application was submitted on March 31, 2014 pending approval of the resolution by Council. MSHDA will not act on the application until they receive a copy of the resolution passed by Council.

Mayor Sessions asked what the requested amount for federal funds was. Mary stated the actual amount was \$240,000.00.

Mayor Sessions asked what the estimated portion of federal funds to be benefited to low and moderate income persons. Mary stated that 51% of the units have to be rented to people of low or moderate income persons for the first five years. That would mean that 4 out of the 6 units will be under that program.

Mayor Sessions asked where the proposed activities will be conducted. Mary stated that they will be conducted in the TIFA district.

Mayor Sessions asked what the plans were to minimize displacement of persons and/or businesses as a result of funded activities. Mary Wolfram stated that there will be no people or businesses displaced due to the funded activities.

Mayor Sessions asked what the plans were to assist the persons or businesses displaced by the proposed activities. Mary reiterated that there was no one being displaced so there are no plans.

City Manager Linda Brown stated that Council adopted the Policy before but they needed to adopt the resolution before moving on to the resolution for the application.

Motion by Councilperson Watkins, supported by Councilperson Davis, to pass the Resolution Adopting the Rental Rehabilitation Policy. Resolution # 3166 Roll call: Councilperson Watkins – yes; Mayor Sessions – yes; Councilpersons Bail – yes; Stack-Davis – yes; Flannery – yes; Kinney – yes; Stockford – yes.

REST# :  
3166

Approved 7-0.

Motion carried.

Motion by Councilperson Flannery, supported by Councilperson Watkins, to pass the Resolution Approving the Rental Rehabilitation Application. Resolution # 3167 Roll call: Councilpersons Stockford – yes; Watkins – yes; Mayor Sessions – yes; Councilpersons Bail – yes; Stack-Davis – yes; Flannery – yes; Kinney – yes.

Approved 7-0.

Motion carried.

### Unfinished Business

- A. Local Streets Maintenance -None

## B. Code Enforcement.

City Manager Linda Brown stated that the house on Waldron is down.

## C. Clerk / Treasurer Elected vs. Appointed

City Manager Linda Brown stated that this is on the agenda simply to keep Council and the O&G committee on task. Councilperson Watkins stated that this has been addressed in the past and O&G wants to make sure it is out there early to allow for public conversation and feedback. This will be on the agenda each month as we progress. If anyone has any question they can feel free to submit them during public comment.

Old Business

None

New Business

## A. Budget – Set Public Hearing

City Manager Linda Brown recommended Council set a public hearing for May 5, 2014 at 7:00 pm as the date and time for public input regarding the proposed budget.

Motion by Councilperson Flannery, supported by Councilperson Watkins to set the Public Hearing for the Budget for May 5, 2014 at 7:00 pm.

All ayes.

Motion carried.

## B. Arbor Day Proclamation

City Manager Linda Brown recommends making the proclamation as requested. City Manager Brown explained that there is a program scheduled to be held at Gier School involving the garden club and the planting of a tree along with learning about the benefits of an urban forest. This program will be arranged by the City Forester.

Mayor Scott Sessions read the Arbor Day Proclamation and declared Monday, April 14, 2014 as Arbor Day.

## C. Award of Contract for Audit Services

City Manager Linda Brown stated that Finance Director Bonnie Tew submitted proposals soliciting proposals to perform the audit services for the City as well as BPU. Seven firms provided proposals for a three year contract with the possibility of a two year extension a review of those proposals was completed by Bonnie, Annette (at BPU), and finance committee members. The Finance Directors preferred choice is Willis and Jurasek because of her experience with them; however they were not the low bid. The review basically identified three other firms for consideration CHBW & Company, Yoe & Yoe, and Business Consultants, as well as Willis & Jurasek. City Manager Brown went on to state that Bonnie learned some interesting information today that could modify the recommendation so she would like her to share that information with Council. Bonnie Tew, Finance Director, then addressed Council stating CHBW was the committee's preferred company however they were not the lowest bid.

Finance Director Bonnie Tew stated that she had some concerns about Gabridge due to the extremely low bid they submitted, but she had some correspondence with Gabridge & Company. They were 28% lower than the next lowest bid, which would be CHBW. The actual difference is about \$25,000.00 between the local company, CHBW, and the lowest bid, Gabridge & Company. Bonnie went on to say that she got two glowing recommendations for Gabridge & Company. Both references were from cities of similar size to ours, with similar general fund budgets, and similar overall dollar costs. The only difference was that they did not have an electric company. They had water and sewer but not an electric utility. Bonnie stated that she talked with Joe Verlin and he stated that Cambridge gave us a 20% discount from what he would have originally propose due to the fact that we had so few journal entries at the end of the year, and he felt that both on the city and the BPU side there were good accounting practices. If you put that 20% back in Cambridge would be right up there with the other companies with their proposal. Bonnie went on to say that she had assurance from Joe Verlin in an email that if they needed to put in more hours than what they had quoted, they would give us those hours at no additional cost. Bonnie stated that based on the information she received today and after going back over the proposals, she recommends Council go with the lowest bidder, Gabridge, to save \$25,000.00.

ARBOR  
DAY  
PROCLAMATION

AWARD  
OF  
CONTRACT  
AUDIT  
SERVICES

Councilperson Davis asked how the transaction with Gabrdge came about. Bonnie Tew replied that Joe Verlin contacted her. Councilperson Davis asked if that took place after the committee had already met. Bonnie stated that yes, it was after the committee had met that Joe had contacted her by email and by phone. Councilperson Davis asked which cities Gabrdge had worked with. Bonnie stated that they have worked with over a hundred different local governments including, Big Rapids, Fernville, Flushing, Greenville, Iron Mountain, Manistee, Parchmit, Potterville, and Whitecloud just to name a few. They also do North Adams Jerome School District. Councilperson Davis asked if they were aware of what the others bid when they submitted their proposal. Bonnie stated that they did not know what others bid. They gave us the 20% discount up front from a sealed bid he did not give the discount after submitting the proposal. Councilperson Davis asked if there was a reason we wouldn't refer this back to the committee to figure it out. Mayor Sessions stated the only reason not to send it back to committee would be a time element.

Councilperson Flannery stated that he would feel better if this was sent back to committee due to the fact that the committee did not even consider Gabrdge when they were discussing proposals because the committee was told at the beginning of the process not to consider them due to how low the bid was. The low bid seemed out of the ordinary and raised red flags. Mayor Sessions asked Bonnie if sending this back to committee was a possibility. Bonnie stated that it could be sent back to committee, but that the companies need to be notified as soon as possible, because they have been waiting a month already for a decision.

City Manager Brown stated that Bonnie did a good job at telling you what the difference was. There was no change. Nothing they talked about influenced the bid. They bid the very first time with everyone else was a closed bid. City Manager Brown asked Bonnie if it was minutes that Joe Verlin saw that influenced him to contact her. Bonnie stated that he saw it on the agenda and knew it was going to be voted on. City Manager Brown went on to say that is when he chose to call Bonnie and allow her to ask questions until she received a comfort level about them. City Manager Brown stated that she did not know what else Council would need to know. It is a \$25,000.00 savings. City Manager Brown stated that even the with the 3% higher policy of awarding bids to local bidders, the local bid is 28% higher, so it doesn't even come close with all things being equal.

Councilperson Watkins stated that his concern when the committee met was that they didn't really discuss Gabrdge, but having the bid explained, if this had been presented like this at the committee meeting there would not have been much discussion. It is a lot lower than the other bids and we should save as much money as we can as long as it is a responsible organization. Councilperson Davis asked committee members what their opinions were. Councilperson Bail stated that she agreed with Bonnie. That she has done her research and she did not see a reason why we shouldn't give award the bid to Gabrdge. She went on to state that we need to save where we can and that is a 28% difference. Councilperson Flannery stated that he had never heard of Gabrdge, and his concern is that they are basing the 20% discount on what the journal entries are. Councilperson Flannery also stated that they have never dealt with a BPU and that there seems to be a lot of unknowns, and he could see the charges going up. He also stated that this is an audit company and these things should not be taken lightly. Councilperson Flannery stated that there is no harm in waiting till the next Council meeting to make a decision. He also stated that the committee had an opportunity to submit emails to the other companies to ask them for further information and he would like the same opportunity with Gabrdge.

Councilperson Watkins asked for clarification if Gabrdge had said they would do what it took with no additional cost. Finance Director Bonnie Tew stated that Joe Verlin's email stated, "We did not and we will not reduce our hours to anything less than the 260 that we quoted." "Should it take longer than 260 hours to complete the audit, which it likely will in years one and two, we will not charge anything additional to the city." "We will never sacrifice quality to keep our hours down." Councilperson Watkins asked if CHBW had ever done BPU before. Bonnie stated that CHBW may have years ago when it was Howell Osborne. They did do the city audit but that has been twenty years ago, so she is certain that the staffing has all changed. Councilperson Watkins stated that according to the review they did he did not think they were currently doing any municipalities with utilities. Financial Director Bonnie Tew stated that they were not currently doing any with utilities; they were doing small communities like Litchfield, Reading, and Jonesville. Councilperson Watkins stated that his thought was that if that wasn't a concern with CHBW then it shouldn't be a concern with Gabrdge. Councilperson Davis asked if anyone had any thoughts or concerns with CHBW being a local firm right in our downtown area. Councilperson Watkins stated that at 28% difference he did not have any concern.

Councilperson Flannery restated that the severe cost reduction compared to the other bids has him concerned. The finance committee is scheduled to meet next Monday and he would like the opportunity to research the company and understand what they are. Councilperson Stockford stated that he would like to see it voted on at the next council meeting as well. Councilperson Watkins asked City Attorney Kevin Shirk if it was a possibility to make a motion to approve the contract with Gabridge with CHBW as the second. That way if at the meeting the committee decides that Gabridge is not the company they want to go with then the contract could be awarded to CHBW. City Attorney Kevin Shirk stated that Council can award it to Cambridge pending committee approval but the committee cannot act on an alternate without it coming back to Council.

Motion by Councilperson Watkins, supported by Councilperson Flannery, to approve the Contract with Gabridge & Company subject to a unanimous recommendation from the Finance Committee. Roll call: Councilpersons Kinney – yes; Stockford – yes; Watkins – yes; Mayor Sessions – yes; Councilpersons Bail – yes; Stack-Davis – yes; Flannery – yes.

Approved 7-0.

Motion carried.

D. Transfer of Ownership of 2013 SDM License

City Manager Linda Brown stated that although The Liquor Control Commission does not require approval by the local government to transfer a SDM License, they allow an opportunity to submit opinions of local residents, and local legislative body or law enforcement agency. City Manager Brown recommends Council share any opinions it has regarding the transfer. City Manager Brown stated that she would submit any public or Council opinions as well as the responses from the Director of Public Safety and Zoning Administrator to the Liquor Control Commission.

Mayor Sessions opened the podium for public comment.

Mary Wolfram stated that she supports the transfer of this liquor license, both as a citizen and as the Economic Development Director.

Councilperson Flannery stated that he is in favor of this but he would also like City Manager Brown to note to the state that he thinks the local government should make the decision on who gets a liquor license.

Mayor Sessions stated that he is also in favor of this.

E. Metro Act Right-of-Way Permit Extension

City Manager Linda Brown stated that after speaking with Attorney Dale Reitberg about whether permit extensions were standard procedure or not, he assured her that it was and that it was approved by the Metro Authority. The only suggestion he made was to cross off a reference to "Hillsdale County" in the second line of the extension, which has been done. City Manager Brown recommended Council authorize the Mayor and Clerk's signatures on the extension as requested.

Motion by Councilperson Flannery, supported by Councilperson Watkins, to approve the signatures of the Mayor and Clerk on the Metro Right-of-Way Permit Extension. Roll call: Councilpersons Flannery – yes; Kinney – yes; Stockford – yes; Watkins – yes; Mayor Sessions – yes; Councilpersons Bail – yes; Stack-Davis – yes.

Approved 7-0.

Motion carried.

F. Qualified Voter Equipment Grant

City Manager Brown stated that she received information regarding an update of QVF equipment to maintain compliance with the Help America Vote Act. In order to provide the equipment a grant agreement must be approved by Council. The State has assured that there are no additional costs to the City for the update. City manager Brown recommends pursuant to the Clerk's request that Council authorize the Mayor and Clerk's signatures on the agreement to allow for the update of equipment.

TRANSFER  
OWNERSHIP  
2013  
SDM  
LICENSE

METRO  
ACT  
ROW  
PERMIT  
EXTENSION

QVF  
EQUIPMENT  
GRANT

Motion by Councilperson Davis, supported by Councilperson Watkins, to approve the signatures of the Mayor and Clerk on the QVF Equipment Grant. Roll call: Councilpersons Stack-Davis – yes; Flannery – yes; Kinney – yes Stockford – yes; Watkins – yes; Mayor Sessions – yes; Councilpersons Bail – yes.

Approved 7-0.

Motion carried.

- G. Obsolete Property Rehabilitation Exemption – Broad Street Downtown Market, LLC  
City Manager Linda Brown recommends that Council set a public hearing for May 5, 2014 at 7:00 pm to provide the public an opportunity for input regarding the granting of the exemption for the Broad Street Downtown Market, LLC.

Motion by Councilperson Stockford, supported by Councilperson Watkins to set the Public Hearing for OPRA for May 5, 2014 at 7:00 pm.

All ayes.

Motion carried.

#### **Miscellaneous**

None

#### **General Public Comment**

Shawnae Stockford, 163 North Manning, stated that she agreed with previous statements made about the parking being a problem. She suggested that maybe the city could make a parking lot, or parking passes to help with the problem. She also commented that the building owners may have parking but is it adequate for the amount of apartments in their building? She encouraged Council to not forget about it but address the situation.

#### **Council Comment**

None

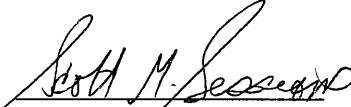
#### **Adjournment**

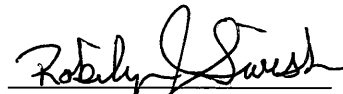
Motion by Councilmember Watkins, seconded by Councilmember Kinney, to adjourn.

All ayes

Motion carried.

8:25 p.m.

  
Scott M. Sessions, Mayor

  
Robilyn Swisher, City Clerk