



**CITY OF EVART  
REGULAR COUNCIL MEETING**

December 15, 2014

Meeting called to order at 7:00 p.m.

Present: **Mayor** - Eric Schmidt; **Council** – Dan Elliott, BJ Foster, Casey Keysor, Gregg Sherman; **City Clerk** – Seraphim Bieri; **City Manager** – Zack Szakacs; **Treasurer** Sarah Dvoracek

**Absent:** none

Guests: Ralph Carlson, Angie Roelofs – *Baird, Cotter & Bishop CPA Firm*, Jim White – City Attorney, Connie Underhill - *Baird, Cotter & Bishop CPA Firm*, Chief Backing – Chief of Police, Heather Knowles, Patrick Muczynski – acting Head of DPW, Karen Higgins

**Citizenry Comments:**

<<Karen Higgins>> ... self-identifies as Director of Ewart Housing Council is alarmed at financial impact on HUD housing with new “Ready-to-Serve” Water/Sewer policy which escalates their obligation to nearly \$50,000 of which \$21,660 comes from “invisible meters”, sharing that 96 apartments are now subject to the monthly fee despite having no meter and the government-dictated budget being fixed, limited and unable to flex to that degree (nearly triple). She concludes by expressing understanding that times are tough, usage rates understandably increased, but that “invisible meter” Ready-to-Serve is indefensible.

**Mayor** cites existing decision to have 6-month Committee review of rate changes; **Keysor** explains the “per unit” reasoning and application, plus reviews “Ewart Products” (Ventra’s) installation of cooling towers and loss of Dean’s Dairy as driving forces behind the changes.

**Higgins** “It’s not my problem!” refuting the individual resident’s obligation to absorb the full brunt of these while other citywide cuts could be made. She defines her role as “having to provide safe and secure public housing” – something which, without water and sewer, she will be unable to do, as there is zero financial means of paying the new inflated monthly bills.

<<Bill Bradley>> ... chooses to share fellow citizen’s “10 Good Reasons Not to Live in Ewart” list, to which **Foster** asserts that even if City Fathers opted to pay Bradley monthly from the Water budget he’d fail to be content, and the **Mayor** asks why the list’s author didn’t opt to present it himself.

<<Ralph Carlson>> ... wants Mayor to confirm his earlier remarks that a six month Committee review is indeed on the calendar -- “yes”. Asks Council if City Attorney White has reviewed/approved the Ordinance and rate changes – offering great skepticism that it can be legal in the state of Michigan to charge Ready-to-Serve for “invisible” (physically non-existent) meters – (*no comment*).

<<Karen Higgins>> ... is alarmed to discover in midst of this discussion that unlike the Public Housing complex, the Osceola Grand Hotel in town does not pay a “per unit” Ready-to-Serve fee; Council clarifies the difference is the hotel’s meter size, to which Higgins declares a gross inequity of enforcement and when told she can be added to a future Agenda, she readily agrees to pursue the option. **Szakacs** reminds all that the studies were done, not all recommendations were enacted and that case law exists to support Ewart’s changes. **Elliott** describes his own disagreement with some aspects but clarifies that it is a customary method of cost-sharing with the alternative being what Keysor earlier described as exorbitant usage fees - since the dollars must be raised. Shares personal example of

City's failure at his home to years earlier assess him for neighborhood repairs and therein setting precedent preventing Evert's ability to force his property to hook into the city's Water service. Szakacs points out the letters which have been sent to others like Elliott, inviting them at great discount, to hook-up within a newly created grace period, in order to avoid steep connection fees (November 2015 is the deadline).

**Moved** by Keysor, seconded by Sherman to amend the agenda ...

*Adding to "New Business"* Elliott's call for Fire Department issues and update on McNeilly annexation; City Clerk suggested the topic of Committee Appointments might want to be added to *"Old Business"* since in November they'd tabled the decision making and this is the final meeting of the year; with no addition to Old Business, the changes ... **Passed** unanimously. Mayor entreated City Attorney to try and recall if with an earlier Council, the City hadn't realigned Commission appointments to be fiscal instead of annual; discussion continued with agreement for the two to review their records accordingly.

**Moved** by Foster, seconded by Sherman to accept the minutes of 12/1/14 ...

**Passed** unanimously

### **City Auditors' Report – Baird, Cotter & Bishop, CPAs (Cadillac, Michigan)**

Angie Roelofs and Connie Underhill, reporting

Spiral bound 53-page report distributed along with colored copy highlights emphasizing General Fund, Enterprise Funds, and two cover letters dated October 24, 2014 (a) "Communication with those Charged with Governance at the Conclusion of the Audit", and (b) "Independent Auditor's Report on Internal Control Over Financial Reporting on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards".

- 1) It was pointed out that 2013/14 is Treasurer (Bigelow) Dvoracek's first complete year at the helm and in the Auditor's perspective she had delivered an "excellent" performance, was communicative and that Council should take comfort in her year-round mastery of the City's affairs.
- 2) A 5 year comparison was reviewed for General Fund, noting that the big difference rests in the federal grant and the Evert airport project; that there was a big drop in rents and investment rollover rates plummeted, with insurance higher than the year earlier.
- 3) They describe DDA's numbers as having been high in wake of DIG Grant and engineering costs; lost \$15,000 this year but their Fund Balance will support that.
- 4) LDFA lost almost \$20-thousand and without supporting funds this presents a potential Budget crisis going forward – noting forecast of \$4,000 profit in current Budget, Auditors urge Council to monitor that this stays on track since without it and with the pattern of annual loss the mere \$16,000 Fund Balance will evaporate rapidly, triggering State intervention.
- 5) Addressed Park & Rec having been impacted by Riverside East building expense; and the City's Stanley Property debt service also accounts for some of the rougher numbers.
- 6) Two Concerns: (a) Utility Receivables: Water/Sewer having lost \$160-thousand annually (Water) and \$122-thousand annually (Sewer) and the weather-induced expenses seen in this past winter/flood cycle ... however ... "For years Evert has been identified as having this as a (serious) 'Material Weakness' – but aggressive management of the issue has finally reduced this to a 'mere remark'." Auditors describing this positive change as weighty and noteworthy. (b) Fiscal

- year saw City over-budget; Auditors however are not concerned in this case, citing Airport entry methods as being more of a controllable paperwork issue than financial one, determining that attempts will be made to elicit State figures sooner.
- 7) They offer enthusiastic endorsement of Evar's decision to switch to BS&A accounting systems, noting that the firm's customer service is "excellent" and never have they known a client to regret the move.

**The LDFA - Director Melora Theunick, not in attendance**  
**The DDA – Director Al Weinberg, not in attendance**

Unfinished Business:

- **Landlord Tenant Ordinance**

Remains tabled until January.

New Business:

- **McNeily Property Annexation – Councilman Elliott reporting**

Reports that the Township at last Wednesday's meeting passed a Resolution transferring it to the City; he anticipated speaking with the attorney Friday but was unable to connect with her. Some discussion as to an old storage building on site, maps and deeds (Elliott has both to share with her). City Attorney offers that he expects the deed to be recorded by week's end. Elliott is hopeful that as of Council's first January meeting he will be able to provide a completed annexation.

- **Fire Department – Councilman Elliott reporting**

1) There have been several meetings with one as recently as today. The old brush truck (from the State) is owned by Michigan yet Evar's repair responsibility. Its malfunction prompted Elliott to stop plans for repair and investigate replacement as a financially superior option. He was concerned that the Fire Board's members hesitated to cast votes without first consulting their respective townships, but action finally was achieved – the replacement vehicle will arrive in March (pushing the start of fire season). He pointed out that the Fire Budget must be approved unanimously or it reverts to the previous Budget, but either way the expense is covered.

2) Unlike pre-his arrival to the Fire Board, their Budget is now a comprehensive binder (document) instead of the single page overview which overlooked critical components. He has contacted Baird, Cotter & Bishop to conduct an (the first in stages... \*) audit, which will take place late January which is tardy but better than the previous lack altogether.

3) Looming Concern: payment for two pumper-trucks will come due in 2025 and zero has been budgeted or addressed for the inevitability which will demand approximately \$1.4-million to purchase. Historically, Elliott describes the four townships and City made annual contributions to just such a fund, but not recently; a meeting with all concerned parties has been scheduled for February 2015 with the goal of the Fire Board coming to a conclusion in March which the City can then act upon in June in anticipation of the new Fiscal Budget.

- **Treasurer - Sarah Dvoracek reporting**

Submission of Summary of All Funds as of 11/1/14, Manual Check Report through 12/15/14, and Vendor List ...

**Moved** by Foster, seconded by Keysor to accept Vendor List ...

**Passed** unanimously

- **City Manager’s Report – Zack Szakacs reporting**

- 1) Bids are again being solicited for Pocket Park and Main Street Grant projects; Bieri is casting a wide net in advertisement placements. January 21<sup>st</sup> is submission deadline.
- 2) The criticism leveled at Main Street’s dark lighting system is misplaced; \$60-thousand worth of LED lights are already in the DPW but until Main Street improvements are completed, it would be fool-hardy to spend extra money on temporary lighting, so we await the Main Street project.
- 3) Meeting with Teamsters’ representative tomorrow morning; Szakacs requests convening of Labor Relations Committee – Council sets it for Thursday at 3:15 p.m.
- 4) Distributes the November 5, 2012 approved Wage Scale, as a reminder to Council considering hiring of a DPW Director \$38,000 to \$52,005.62 annual salary (*versus the previous combined DPW/Waster Water chief position \$62,500 to \$73,116.16 annual salary*).

- **Police Department – Chief Kendra Backing reporting**

Interviews for Police Department Secretary continue, over 50 applications have been whittled down to 20 interveiws (being conducted by Chief herself, City Manager and Treasurer). Advertisement for Part Time Officer is posted and already calls are coming in. Mayor inquires as to status of Police Auxiliary Program: “they completed firearms training this week and in mid-January both candidates should be qualified”. November written report submitted including Millage passage and Taser re-certification.

- **Department of Public Works – Acting DPW Head Patrick Muczynski reporting**

Presenting former Director Buck Vallad’s two Requests for Council Action... (a) Well #6 video inspection by Northern Pump & Well for casing integrity (\$4,000), and (b) Well #4 pump and well repairs by Northern Pump & Well (\$20,963.83 – with potential for less expense, if the “worst case scenario” does not materialize.).

Mayor asks for context, to which Muczynski describes the Well #4 project as being equivalent to recent Well #3 undertakings. Discussion including Elliott centers around forecasted additional expense, to which Szakacs clarifies that that is an unknown but all agree that there is \$42-thousand left of the \$72-thousand which had been set aside and that a repaired well is far less expensive than a collapsed well. Mayor asks how soon these will be undertaken – “possibly the coming week”.

Moved by Elliott, seconded by Foster to grant both requests as detailed...

Passed unanimously

November DPW Report submitted which included costs of “free 2-week leaf pick-up” to citizens (*but without removal of the fixed costs adjustments pointed out by Council previously as unfairly allocated when evaluating the endeavor {labor, fuel, machinery depreciation et al}*), interviewing of Seasonal Employee candidates, Lift Station class attendance, Ventra’s waterline break for which City assistance was sought and granted.

Szakacs highlighted the drop in water sales from 42-million to approximately 24-million gallons, and that his recent visits to the DPW facilities reveal a collection of “old, old stuff”.

- **City Attorney – Jim White reporting**

Still working on water and sewer making final changes to code.

Moved by Keysor, seconded by Sherman ...

... Adjournment at 7:50 p.m.

Passed unanimously

- As noted at the subsequent Council Meeting (1/5/15) – alternate auditors were ultimately enlisted. Council entreats you to read the “Approval of Minutes” section of the January 5, 2015 Council Minutes.