



**CITY OF EVART
REGULAR COUNCIL MEETING**

February 17, 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 Leemon; **City Manager** – Zack Szakacs
Absent: **Treasurer** Sarah Bigelow (Maternity Leave)

Guests: Greg Fox, Arlene Vincent, Mark Wilson – Director Park & Rec, Ralph Carlson, John Joyce, Jennifer Joyce, Peter Ashby, Buck Vallad – Director DPW, Brandy Dimond, Lorne Juday, Dan Bushroe, Police Chief Backing, Brian Cushman, Vicki Cushman – City Assessor, Al Weinberg – Director DDA

Citizenry Comments:

(no remarks initially ... Mayor backtracks after City Assessor report for detailed remarks from snow-delayed Dan Bushroe – see *below*)

Moved by Sherman, seconded by Keysor to accept agenda without amendment ...
Passed unanimously

Moved by Foster, seconded by Keysor to approve the minutes of February 3, 2014
Passed unanimously

The LDFA - Director Melora Theunick not in attendance

The DDA – Director Al Weinberg (late arrival)

City Manager reports that he personally had to forgo the February 11th DDA meeting in the face of extended 2 ½ hour meeting with Ice Mountain (Nestle)’s Greg Fox and Arlene Vincent (both in attendance this evening); Szakacs’s understanding from DDA Director Weinberg is that DDA Board decided to interimly release consultants MSG (Michigan Solutions Group). Szakacs clarifies MSG’s original purpose was monthly fee in exchange for aide in developing economic growth in Downtown region.

<<Weinberg’s arrival...>>

Weinberg summarizes DDA Board actions: (1) MSG contract suspended as of February 28 (2) Contract to be rewritten based on “performance pay” once DDA redefines goals (3) Board determined that pending imminent scheduling of 2014 Goals Session, MSG and DDA were not in sync and relationship required clarification (4) <<MEDC requests following item is granted “Media Blackout status” until they issue corresponding Press Release pertaining to February 28, 2014 announcement:>> “*Council members urged to be on scene Friday, February 28th in Council Chambers 11:30-Noon, as MEDC officials award Evart with DIG Grant.*” (5) Weinberg solicited email and/or written Council input for DDA Goals meeting.

Mayor asks if date has yet to be set for “think tank session” between Chamber, LDFA, DDA, City Manager; Weinberg not yet aware of anything calendared.

Unfinished Business:

- **City Assessor - Addressing Council's Commercial Assessment Questions**

City Manager reminds Council that in the wake of accuracy questions raised at January Council meetings by LDFA and Council's own curiosity as to the City's failure to conduct plant walk-throughs, City Assessor Vicki Cushman had been invited to address this body initially at its February 3rd meeting, but schedule conflicts bumped the opportunity to this evening.

1) In meantime, City Manager reports that Cushman has recently conducted a "walk-through" of the vacated Dean's property (he did not accompany).

2) LDFA Director Theunick had been seeking similar city access to PGW and after several weeks of attempting access, Szakacs, Friday, concluded :45 minute telephone conversation with PGW's Director of their Tax Division (Jerry Postlewaite) who, once weather changes, will fly to Evert and conduct an escorted "walk-through" with Szakacs and Cushman and her husband Brian Cushman. Szakacs shares that Postlewaite will (a) use this March visit as a personal debut opportunity to visit PGW's Evert property, (b) Evert operation is considerably smaller than their plants in other states (c) PGW is corporately concentrating on Asian and European manufacturing (d) remarking that on the City's behalf he hopes this "...isn't opening a can of worms..." (alluding to PGW's Pittsburg, PA recent award of \$40,000 Tax Tribunal rollback) – with Szakacs reassuring him that Evert's access request has nothing to do with questioning reported figures or heading to a Board of Review, rather that it rests in the new Council's need to answer constituents' questions from a position of informed-authority.

3) Mayor asks Cushman to translate the "can of worms" inference. She cites her 20 year credential for personal property assessment of big industry. Doesn't know what Postlewaite might have been alluding to. Traditionally finds that industry isn't typically under-report its personal assets.

4) Cushman cautions Council that there will not be a "list" of assets against which the tour can provide an accurate checklist; she emphasizes that her office merely receives summation statements (i.e. "\$100,000 Furniture") instead of detailed breakdowns, thus making the LDFA's requests virtually impossible to honor.

5) She reminds Council Evert has been to the Michigan Tax Tribunal with PGW and lost and that municipalities losing in front of that body is not unusual. Adding that the specific judge was immobile in the face of extensive Evert efforts, and that frequently judges want attorneys to "simply negotiate meeting half way".

6) Szakacs quotes PGW's Director as extending the tour invitation to any/all interested Councilmembers.

7) City Manager asks Assessor to share with Council observations made in recent Dean's walk-through, specifically to ballpark this year's taxable value, which, he explains, she penciled in at: \$38,138,900.00 paired with rough figure of personal property tax reductions of \$574,000, leaving Evert's income at \$547,694, from which DDA and LDFA payments are made, with a City bottom line of merely \$417,000 for the General Fund. Adding that the personal property tax amendment forms are still arriving (driving capture dollars down yet further). Szakacs summarizes that while auditors initially forecast a possible General Fund of \$485,000, with Cushman's tentative figures, it looks more like \$417-to-\$435,000 ... significantly lower than Evert's traditional \$583-\$586,000-ish.

8) Cushman confirms widely held belief that in the wake of Dean's auction, the plant is largely empty. Among minimal assets on-site, the stainless steel pipes (still tagged for auction and obviously "not saleable"), obsolete equipment too. Four (4) docks remain up and running. Asserts that to get plant running would not be impossible but would be a very expensive endeavor, describing to Council the similarity to having sold a successful dairy

farm operation – “reestablishing” far exceeds the expenses of “maintaining” especially in light of essential grandfathered standards, thresholds and codes which are dissolved in the State’s eyes. The huge buildings are obsolete under today’s standards. She leaves possibility of a Dean’s re-birth not unlike the PGW recovery of three years earlier, but emphasizes the unlikelihood of the scenario. Council agrees that local dairy farmers are no longer in the region, and that with new trucking regulations, farmers have the added option of shipping long distance to whichever dairy pays at better rates (Bay City co-op).

9) Mayor asks if there are any current offers on the table. Szakacs alludes to recent conversation with former Plant Manger Gordy Willis, who says Dean’s isn’t even communicating with him as to these issues, so Evert cannot assume either way.

10) Szakacs and City Attorney are now poised to send a final demand for payment of past due sewer fees (for which Dean’s has remained silent in face of previous legal correspondence requesting payment). If this too remains unaddressed, the dollars due will be attached to forthcoming tax invoice.

11) Brian Cushman cautions Council that if they audit PGW annually, it will aggravate the company, as it would him, if he were an Evert industry.

12) Brian Cushman adds that Council members are legally ineligible to see/read the personal property tax forms, but that Vicky’s credential is what allows her that access.

13) City Assessor offers to make monthly visits/reports to Council; in turn they graciously request only quarterly appearances.

- **Citizenry Comments:**

Dan Bushroe, of 85th Avenue Auto, details his vision for moving automotive businesses into downtown (and out of his residence) with the potential purchase of both the Cruikshank and Speeds buildings through the DDA. Notes his proposal must be submitted to them by March 10. Goal is for a “quick lube” in the Cruikshank outbuilding; front office and quality “used car lot” on U.S. 10; a “small engine repair” behind the office, with a “mechanics shop” with two or three hoists on the backside. In the Speeds building: a “body shop” and “spray booth”, potentially creating a “rentable business space” alongside the body shop office on US. 10, adding a steel roof, removing old back walls; sprucing up the exterior with Evert Wildcat colors/logos in complete commitment to creating a viable Evert-resident-welcoming interconnected quality business to service the automotive needs of the immediate region. Expressed adamancy that rumored concerns about downtown becoming a “junk car zone” are unfounded, noting his 20 acre salvage yard south of town where cannibalizing would be centralized. Asked Council if there were any zoning prohibitions to his type of businesses moving into the two locales, and was assured by City Manager that there weren’t and if there are, it can all be addressed/amended. Was noted that in Speeds a previous tenant was Napa Auto Parts and that that was preceded by a mechanical repair shop. Mr. Bushroe pointed out his commitment to serving the area and doing so with attention to image/presentation, citing his intimate involvement in getting the brown steel onto the building. When asked about realistic employment that his dual plan would deliver, Bushroe cautioned that it would take “growing time”, but realistically eight to ten (2 mechanics, small engine repair person, manager/car salesman, 2 salvaged car repairmen for the lot, 2 to do insurance repairs). Alludes to effort two years earlier with eye to Speeds building, and this current venture in which he is working with both Evert banks.

- **L DFA / DDA Future Budgetary Concerns**

Councilman Foster wants to see a resolution to the on-going agenda item -- providing closure one way or the other.

Moved by Foster, seconded by Sherman to call for the permanent dissolution of the Evart LDFA. **Failed** 3 - 2

ROLL CALL VOTE:

Ayes: Foster, Sherman
Nays: Elliott, Keysor, Schmidt
Abstentions: (none)

- **Appointments to Boards and Commissions**

Second LDFA Board resignation letter has been received as expected (Dan Rayburn, PGW Plant Manager), creating a final opening. **Moved** by Foster, seconded by Keysor to install Chemical Bank General Manager Chad Booher as the replacement. **Passed** unanimously

- **2014/15 Budget**

(1) City Manager schedules second Budget meeting for 6:00 p.m. March 3, in advance of the Regular Council meeting.

(2) Cautions Council that in light of evening's LDFA vote, "2 ½ to 3" layoffs will be imminent and he will need Council's support as these DPW / Police Department personnel matters become a reality. Keysor baulks at the direct correlation between the vote and police department cuts. Conversation reverts to the mathematics of 1997 dollars versus 2014 tax dollars; Mayor moves the discussion to the newly scheduled 3/3/14 Budget meeting.

- **City Owned Properties – City Manager reviews**

Mayor inquires if he understood correctly that the LDFA is poised to jointly advertise the sale of some of its holdings. City Manager confirms without detailing, noting that that will all be addressed after the City Treasurer's return from maternity leave, March 3rd.

- **Review of Council Pay Omissions**

- 1) Szakacs reports he is nearly complete in his research of the underpayment figures (2007-Fall 2013), with the delay coming in the missing 2008 W2 forms.
- 2) The research has been grossly time consuming.
- 3) Final step is City Attorney reviewing appropriateness (statute of limitations possibilities) of issuing this back pay.
- 4) Fully expects list to be complete and available for Council vote at next meeting. Sample figures include Mayor owed \$750 while Councilman Sherman had a perfect attendance record and is owed zero dollars, others absent nine times/yr.

New Business:

- **Water System Rate Analysis / OHM consulting report**

City Manager emphasizes that what is in hand (February 11, 2014 OHM partial draft analysis) is merely the initial draft and that after the Commission votes on it, then the City Council will have time to review actual recommendations, therefore he would see this move to the Old Business Agenda until such time as that Water and Sewer Commission Meeting can be held (adding that legal review of any rate structure changes would also be required). Mayor calls upon DPW Director to try and schedule the meeting sooner rather than later. Vallad points out it isn't up to him, rather, to the Board. Discussion involving Councilman/Board member Keysor results in scheduling of Wednesday 2/26/14 8:30 a.m.

meeting in Council Chambers. Mayor requests post-meeting email updates; City Manager cautions all Councilmembers that they can email him but legally not exchange emails with one another on issues that otherwise would come before them as a public body.

- **Treasurer - Sarah Bigelow, Leave of Absence – City Manager reporting**

Submission of Manual Check Report February 5 through February 12, 2014; Fund Summary as of 1/1/14; and Vendor List.

Moved by Foster, seconded by Sherman to accept Vendor List as submitted

Passed unanimously

- **City Manager – Zack Szakacs reporting**

1) Shared EVIP (Economic Vitality Incentive Program) reprimand from Lansing for Evert's failure to meet goals of Privatization, Cooperation, Consolidation. Szakacs appeals to Council for any additional ideas through which Evert can be seen to save money and conform to state thresholds in order not to lose \$7,000 in funding.

>>Notes the difficulty, with neighbors so far away (Reed City 12 miles; Clare 26 miles).

>>Points out last year's conformity with lawn care (but this year's budget won't support a repeat) and Fire Board participation. Suggests Evert can attempt to preserve funding by composing a letter of explanation.

>>Foster asks if with Police Department layoff looming, could a consolidation of law enforcement with Sheriff's Department work. Szakacs reminds Council this was explored in the recent past but impediments included unions butting heads and a less than embracing attitude at the county level for Evert's police force (which was paid more than some seasoned Deputies). The successful recent merger of Howard City PD and Montcalm County was cited by Szakacs as a goal achieved via a commitment to "teamwork" and not seen as possible locally based on recent experience. Sherman pointed out however, that there has been a local union change.

>>Szakacs heralded privatization (his thesis, in fact) but warns that with that comes a corresponding loss of control and the new citizen survey shows that a third of residents returned theirs, many of whom cited appreciation for Evert law enforcement in its current, visible form.

>> Elliott suggests possible opportunity could be explored with Roger Elkins as to "property maintenance" which currently Lake County is pursuing with Osceola County and a conversation with Susan Vander Pol (Osceola County Coordinator) might marry Evert to the consolidation. Elliott adds admonition to colleagues that as a whole they be wary of State's mandate which is dogmatically driven not fiscally driven, hence application of "Consolidate, Co-ordinate, Privatize" in Evert's specific case, might not always be the fiscally responsible choice. As an example, he doubts consolidation of Evert Fire and Police would be fiscally sound.

>>City Manager offers possibility of going to voters for Public Safety millage; 3-mil costing homeowners \$150/yr on \$50,000 property. Entreats Council to read and consider options in advance of next Budget meeting. Personally asserts preference for millage versus consolidation of the department.

>>Elliott summarizes the legal options: Special Assessment, Police Millage, Fire Millage, Police Pensions

2) Bids for 40'x60' Snow Removal Building at the airport, east of the new terminal, will be open from February 19 to 1:00 p.m. March 19, 2014; Szakacs urges Council to pass the word to local contractors.

3) Met with Nestle's (Ice Mountain's) legal representatives Ms. Vincent and Mr. Fox in successful and lengthy meeting of the minds during which Evert reassured them that it would never be the City's intent to pursue change without first having legal review to "dot all the i's and cross all the t's" in support of the ongoing "good partnership" both parties enjoy.

- **Department of Public Works – Director Vallad reporting**

1) As to EVIP goals – MDOT has already contacted Evert, requesting mutual aide (paying Evert equipment rental rate \$52, and subcontracting one Evert DPW worker) for storm drain work on U.S. 10 and in Marion, Vallad wonders if this might not help satisfy Lansing.

2) He won the Novi auction (\$14,180) for the ambulance destined to be reborn as Evert's water truck.

3) Waterline freezing is rampant locally and geographically is equally impacting all of Evert (business and residential); water and sewer. Looking at 6th Street's sewer manhole: frost line was at 6-feet; guestimating that Oak is at ten to 12'. Fiscally speaking, businesses are responsible for pipes leading to the main (i.e. under sidewalks); only if the main itself freezes are the City coffers impacted.

4) City Clerk calls for acknowledgement of Vallad's foresight to call the "Run Water Order" as proactively as he did, dually protecting the City from expense and offering citizens the opportunity to ward off the freeze. She asks how many freezes has the City itself been called to; "10 to 15" (with most being addressed by privately hired plumbers. Vallad adds that there is even one case of a thawed home, re-freezing.

5) DPW Director warns that the forecast of sunshine in the coming week only means more difficulties since most residents falsely assume that it means a warming and an end to the emergency, while in reality, the frost gets driven deeper and poses a heightened threat. The DPW already has in 19 hours of overtime.

6) There is tremendous DPW frustration in having discovered that even though the Water/Sewer Department officially has a list of each address, owner's name, and corresponding map of the building's cleanout and shutoff valves, this list is 70% incomplete. Additionally, the most recent water map for which Evert paid Wadetrin, includes gross errors: Vallad just discovered that the map cites AC pipe in front of the Double Nickel, but instead, it's steel.

7) There are sewer problems on North Cedar. Debate is underway whether to undertake the more expensive wintertime work, or delay for warmer weather and the chance to use cameras. Cost differential is approximately \$15,000 vs. \$7,400, and until camera is employed, no way of knowing if it is a City responsibility.

8) Mayor wonders if DPW is creating a list of buildings (like his Main Street business) with illegal hook-ups. Vallad says they have not done a GPS proactive map for shutoffs; Foster recalls paying for just such a thing approximately five years earlier. Vallad points out that those folks purchased all the necessary software but then filed bankruptcy taking the monies with them.

9) Antidotally, Weinberg shares experience of rental owners who didn't know about the "Run Water Order" incurring inconvenience and expense but still lauded the empathy and professionalism of the City's DPW crew.

10) City Manager notes that different buildings require different defrosting methods/time and therefore invoices can range from \$500 to \$2,000 (Shopko pharmacy: \$2600, FirstMerit Bank: \$1500, residence with owner actively participating: \$50).

11) Written Report addressed: January work hour allocations, water volumes (sewer, water, Ice Mountain), electric comparisons 2013 vs. 2014.

- **Police Department – Chief Backing, reported:**

She is open to revenue generating options, believes they have already been aggressively successful in that goal, and cringes at the evening's call for the cutting of police staff. She points out that the bargaining unit already made concessions and reminds Councilman Keysor that he sat in on some of the "county/city consolidation" meetings and recognized them not being favorable to Evert's best interest. Chief Backing cited the City survey which identified Law Enforcement as the #1 issue for citizens. She added that eliminating law enforcement does not help property values. The department has already eliminated the secretary, officers routinely invest volunteer time in the community (scouts, etc.); vacation time is mandatory – although her last attempt at time off was interrupted with the need to drive in from Lansing to deal with the barricaded gunman. She wants to hold a Police Committee meeting in the next few days. Reminds Council Sergeant Beam will be jumping into frozen Chippewa Lake (earning in excess of \$11-hundred for Special Olympics). Mayor asks of Reward has lead to any new information on school window shooting; as of last week, now a "person of interest" has come to light.

Written Report addressed: Winter weather impact on Evert PD; January crime and traffic statistics; Chief's participation in LETR Conference in Traverse City (Law Enforcement Torch Run); February 22nd Polar Plunge also benefits from Evert PD sales of T-shirts (\$300).

- **Parks & Recreation – Mark Wilson Reported:**

1) Upcoming "SNOW STOMP" this Saturday, 9:00 a.m. Last week's moonlight snowshoeing into "the swamp" was tremendous success with help from DPW creating parking near Well #8. City Clerk inquired as to how participants had learned of the event. "Facebook", with attendees from Mancelona and Detroit.

2) Wilson made dramatic appeal to Council that the winter access to "The Swamp" is a greatly overlooked asset for not only "natural bragging rights" but for revenue. He identifies the land as beautiful property, replete with two streams, and that not unlike Isabella County which generates \$6/day from literally hundreds who cross country ski and snowshoe, adds that with minimal construction dollars, a ready-made "destination spot" is in our own backyard. Mayor asks for dollars-estimate. Our own DPW labor, no "outside costs", for creation of a winter pathway via stump removals.

3) Written Report addressed: January snowshoe events attendance (37); Photography Club momentum; Director's enrollment in online DNR grant workshop; minutes of 1/7/14 Park & Recreation Committee meeting; newspaper article featuring Evert snowshoe activities.

- **City Attorney – Jim White not in attendance**

Moved by Schmidt, seconded by Keysor ...
... Adjournment at 8:18 p.m.
Passed unanimously