

City of Portland

Portland, Michigan

Minutes of the City Council Meeting

Held on Monday, February 6, 2012

In Council Chambers at City Hall

Present: Mayor Barnes, Mayor Pro-Tem VanSlambrouck; Council Members Calley and Fabiano; City Manager Dempsey; City Clerk Miller

Absent: Council Member Krause

Guests: Kathy Parsons; Jim Lakin, Roger Habegger and Robert Torp-Smith, Board of Light & Power Member; Jon Szerlag of the Sentinel-Standard

The meeting was called to order at 7:00 P.M. by Mayor Barnes with the Pledge of Allegiance led by Mr. Torp-Smith

Motion by VanSlambrouck, supported by Fabiano, to approve the Agenda as amended to excuse the absence of Council Member Krause.

Yeas: VanSlambrouck, Fabiano, Calley, Barnes

Nays: None

Absent: Krause

Adopted

Motion by Fabiano, supported by Calley, to excuse the absence of Council Member Krause.

Yeas: Fabiano, Calley, VanSlambrouck, Barnes

Nays: None

Absent: Krause

Adopted

Under the City Manager Report, City Manager Dempsey presented information on the action items for consideration on the Agenda.

City Manager Dempsey explained the changes to the City of Portland Energy Smart Program for 2012.

The next Council meeting will be held Tuesday, February 21st due to the Presidents Day Holiday on Monday, February 20th.

Under New Business, Mr. Torp-Smith addressed the Council in regard to Resolution 12-06 which includes adjustments to administrative services charges and payments in lieu of taxes for the Electric Department Fund.

Mr. Torp-Smith explained that when Portland was a village the Electric Department was part of the General Fund and revenues were used for multiple purposes, including village work. When the Portland became a City in 1969 the Electric Department became a separate fund and the payment in lieu of taxes was based on actual work performed. Over the years, previous City Managers created the administrative services charges so the payments from the Electric Department are higher than the work performed.

Mr. Torp-Smith stated the Electric Board's concern that the 10% adjustments proposed with this Resolution are being added without any increase in services. The Electric Board requests that the Electric Department be omitted from these adjustments; which seems to establish a trend that funds from the Electric Department can be used for other uses.

Mr. Torp-Smith further stated that although the Electric Department appears to have a large Fund Balance they have many responsibilities and liabilities facing them including:

- The loss of generation credits, there will not be as much surplus funds in the future.
- There are bond obligations.
- Upcoming dam repairs. The extent of the repairs has not been determined yet, but may be significant.
- Roof repairs to the diesel plant.
- Equipment Replacement. A new truck is to be delivered soon.
- An expected Low Income Heat Fee to assist low income customers mandated by the State.
- A storage yard is planned on property owned by the Electric Department.
- Ground water cleanup is underway due to a diesel fuel spill; the extent of this cleanup is unknown at this time.
- An obligation to operate the diesel plant at peak usage times; which is more expensive than purchasing power from the grid.
- Possible weather damage to the electric infrastructure.
- Fuel tanks are in need of being replaced.

Mr. Torp-Smith expressed the concern of the Electric Board that a trend is being established that funds can be taken from the Electric Department without it receiving more services in return.

Mayor Barnes thanked Mr. Torp-Smith for his comments. He stated that he holds all members of the Electric Department in high regard, as well as the philosophy to allow the City departments to run autonomously. The Council is not trying to "go where the money is"; it is at the mercy of the shortages in revenue and budget cuts.

Mayor Barnes further stated that the concerns of the Electric Department are valid. At this time, the General Fund issues are of an even greater urgency. It is his hope that tweaks can be made now to avoid dire circumstances in the future. The goal is to further address these issues during the next budgeting process to avoid adjustments in the future.

Mayor Barnes extended his appreciation for the comments and concerns expressed.

City Manager Dempsey stated his agreement with the concerns of the Electric Board; as they apply to the Electric Department. As the City Manager he has to look at the state of the City as a whole.

City Manager Dempsey offered Sections 12.2 and 12.7 of the Code of Ordinances as examples and reference of his actions.

City Manager Dempsey stated he has checked with other communities that have a municipal electric department to make sure these adjustments are not out of line. Based on these comparisons he stated he is comfortable making the recommendation. He further stated his commitment to working with the Electric Board during the upcoming budget process.

Council Member Calley inquired about whether comparative bids were received for the undergrounding work proposed by the Electric Department in Resolution 12-12. Are these costs reasonable? Is getting quotes a possible way to save the department money?

City Manager Dempsey explained that this has been an ongoing project that was previously bid out. Cook Brothers Excavating has agreed to hold their original price as the project has progressed. There is a good working relationship that is valuable on this project as well.

Council Member Fabiano confirmed that the Electric Board is looking to forego all amendment to the Electric Department budget.

City Manager Dempsey explained that the proposed adjustments total \$11,300.

Council Member Fabiano inquired what other adjustments would be made if Resolution 12-06 fails.

City Manager Dempsey stated the General Fund budget would be short by \$11,300 and he would have to look at further cuts. The Electric Department was treated no better or worse than the other departments. Each department was adjusted 10%.

Mayor Pro-Tem VanSlambrouck stated the Electric Department has many projects going on, as do the other departments. There has been a reduction in personnel throughout the City. There have been many sacrifices. The Council hasn't requested anything unreasonable from the departments. The possible elimination of personnel or the reduction in the quality of life to City residents need to be considered when handling the General Fund. The City also needs to move forward with a budget that meets the requirements of the State.

Council Member Calley inquired if the cost of operating has gone up.

City Manager Dempsey stated that it has.

Mr. Torp-Smith suggested this issue be revisited annually so a trend isn't set.

Mayor Barnes stated that it would be reviewed in the upcoming budget process.

Mr. Lakin spoke highly of working with Cook Brothers Excavating based on his personal history. He further stated his goal to keep electric rates down for the electric customer.

Council Member Calley stated he has no problem with Cook Brothers Excavating; he was only questioning the process for the sake of transparency.

Motion by VanSlambrouck, supported by Calley, to ratify Resolution 12-06 to amend the Budget for Fiscal Year 2011-2012.

Yeas: VanSlambrouck, Calley, Fabiano, Barnes

Nays: None

Absent: Krause

Adopted

The Council considered Resolution 12-11 to approve a proposal for the Organo Clay and Carbon Change Out for the filter system at the Diesel Plant. The Electric Department employees have indicated that the lead vessel (Organo Clay) has become clogged and is not allowing enough raw water

to pass through the treatment system. Routine backwashing with water and air have not alleviated the problem.

The two pumps located in the recovery wells outside the area of the spill have been doing a great job containing the product. Unfortunately, the water quality from these wells is very poor, and appears to cause fouling in the carbon vessels and bag filter due to the excessive amounts of bio-activity. The engineers are recommending change out of one or both vessels very soon. They are presenting two options. They recommend trying the least expensive option (\$2,415) first where they will vac out the organo clay and change out one carbon vessel. If this proves insufficient they will upgrade it to a full media change out as detailed in the more expensive option (\$5,244).

Typically, carbon change outs are necessary every year but can vary based on the amount of contaminants/bacteria loading the carbon. City records show the vessels were changed July of 2011 and April 2010 before that. It seems the poorer water quality is going to cause greater maintenance of this system.

There was discussion by the Council.

Motion by VanSlambrouck, supported by Calley, to approve Resolution 12-11 approving a proposal for the Organo Clay and Carbon Change Out for the filter system at the Diesel Plant.

Yeas: VanSlambrouck, Calley, Fabiano, Barnes

Nays: None

Absent: Krause

Adopted

The Council considered Resolution 12-12 to approve the Board of Light and Power's recommendation to award electric undergrounding work to Cook Brothers Excavating. At its meeting on January 31st, 2012, the Board of Light and Power reviewed the proposed scope of work to continue the replacement and undergrounding of electric lines in the Divine Highway/Goodwin area. The Electric Superintendent prepared an estimate for the proposed excavation work after Cook Brothers Excavating agreed to continue their contract based on last year's prices. The Board discussed the need for the upgrade and the benefits of undergrounding the lines and approved a recommendation that the City Council approve the project and award the work to Cook Brothers Excavating for the amounts estimated.

City Manager Dempsey stated there is a secondary benefit to this undergrounding project as the wires are also being upgraded.

Motion by VanSlambrouck, supported by Fabiano, to approve Resolution 12-12 approving the Board of Light and Power's recommendation to award electric undergrounding work to Cook Brothers Excavating, Inc.

Yeas: VanSlambrouck, Fabiano, Calley, Barnes

Nays: None

Absent: Krause

Adopted

The Council considered Resolution 12-13 to approve a Verification of a Transfer of Broadstripe's Uniform Video Service Local Franchise Agreement to WideOpenWest Mid-Michigan LLC. WideOpenWest Mid-Michigan LLC operates under the name WOW!, sent a letter advising that they had completed the acquisition of the Broadstripe cable television system effective January 13, 2012.

Pursuant to the Uniform Video Franchise Agreement, WOW! included a completed Attachment 2 to the Uniform Video Franchise Agreement, which must be verified by the Franchising Entity. This resolution would authorize the Mayor and Clerk to sign the form on behalf of the City.

Motion by Calley, supported by VanSlambrouck, to approve Resolution 12-13 approving, authorizing, and directing the Mayor and Clerk to sign a verification of a transfer of Broadstripe's Uniform Video Service Local Franchise Agreement to WideOpenWest Mid-Michigan LLC.

Yeas: Calley, VanSlambrouck, Fabiano, Barnes

Nays: None

Absent: Krause

Adopted

Motion by VanSlambrouck, supported by Calley, to approve the Consent Agenda which includes the Minutes and Synopsis from the Regular City Council Meeting held on January 16, 2012 and the City Council Goal Session held on January 14, 2012, payment of invoices in the amount of \$609,943.09 and payroll in the amount of \$235,612.49 for a total of \$845,555.58. There were no purchase orders over \$5,000.

Yeas: VanSlambrouck, Calley, Fabiano, Barnes

Nays: None

Absent: Krause

Adopted

Under Council Comments, Mayor Pro-Tem VanSlambrouck inquired if City Manager Dempsey had more information in regard to a communication included in the packet stating that the MPSC investigating smart meters and what they are looking into.

City Manager Dempsey stated that he wasn't sure but that he could get more information and gave some background on the City's experience using smart meters for electric usage. Electric Superintendent Hyland suggests waiting to use smart meters until the technology improves and the prices go down.

Mayor Barnes thanked Mayor Pro-Tem VanSlambrouck for filling in for him during his absence. He stated that it is good to be back.

Mayor Pro-Tem VanSlambrouck reminded everyone that the Arts Council Winter Ball will be held this Saturday, February 11th at Willow Wood Golf Course.

Motion by VanSlambrouck, supported by Calley, to adjourn the meeting.

Yeas: VanSlambrouck, Calley, Fabiano, Barnes

Nays: None

Absent: Krause

Adopted

Meeting adjourned at 8:05 P.M.

Respectfully submitted,

James E. Barnes, Mayor

Monique I. Miller, City Clerk