

**MINUTES OF THE GROSSE POINTE CITY COUNCIL MEETING HELD IN THE CITY COUNCIL
CHAMBERS, 17145 MAUMEE AVENUE, GROSSE POINTE, MICHIGAN ON
MONDAY, MAY 11, 2009.**

The meeting was called to order at 7:00 p.m.

ROLL CALL

Present: Mayor Scrace, Councilmembers Parthum, Stempfle, Stevens, Walsh, Weipert

In Attendance: City Manager Dame, Attorneys Fildew and Kennedy, City Clerk Arthurs, Public Service Director Weitzel, Finance Director Johnson, Asst. City Manager Fincham, Public Safety Director Fox, Recreation Director Hardenbrook, Water & Parking Director Huvaere and Sewer & Forestry Director Schulte.

Motion by Council Member Weipert second by Council Member Stevens to excuse Council Member Pfaehler from the meeting for personal reasons.

UNANIMOUSLY ADOPTED.

PUBLIC HEARING – SANITARY SEWER REHABILITATION PROJECT

Mayor Scrace noted that this was the time set for a public hearing on the proposed sanitary sewer rehabilitation project plan.

After assessing the City's potential needs, under the S2 grant for the sanitary sewer rehabilitation improvements, a comprehensive review of the needs for the sanitary sewer system has been completed. As a requirement of the S2 grant, the City is applying for a State of Michigan revolving fund (SRF) loan to conduct the rehabilitation work identified for the City's sanitary sewer system which totals an amount of \$4.1 Million. The current SRF loans are provided at an interest rate of 2.5% over a 20 year period. According to the Michigan Department of Environment Quality (MDEQ), there is no penalty for early payback. The City Council is requested to formally adopt said Project Plan and agree to implement the selected plan for the sanitary sewer rehabilitation project of the existing City of Grosse Pointe sanitary sewer system. The \$4.1 Million loan paid back over twenty years from the Water & Sewer enterprise fund.

Mayor Scrace opened the public hearing. Stephen Pangori of Anderson, Eckstein & Westrick introduced key personnel responsible for and who assisted with creating the project plan. Patrick Phelan of Anderson, Eckstein & Westrick read aloud a statement detailing a State Revolving Fund Program Overview, the S2 Program Overview, discussion of the study area and sewer system, the S2 Cleaning and Television Investigation program, the process of obtaining the SRF Loan, the background of the SRF Project Plan, an analysis of alternatives for the SRF Project Plan, a cost summary and user costs, an environmental impact evaluation of the project plan, a mitigation of environmental impacts of the SRF Project plan and the remaining items to complete the SRF Loan application. A copy of the public hearing presentation will be filed as a part of the Council record, labeled Clerk's File 09-01.

Mayor Scrace asked for public comment regarding the sanitary sewer rehabilitation project plan. Hearing no comment from the public in attendance, the Mayor called for Council questions or comments. Mr. Pangori and Mr. Phelan answered various questions from the Council regarding normal hours project work will be completed, life span of the liners, impact on homeowners, and notices to residents regarding proposed work relating to residential landscape projects. It was noted that work is project to begin in April 2010. Hearing no further comment, Mayor Scrace closed the public comment and closed the public hearing.

Motion by Council Member Weipert second by Council Members Stevens that the following resolution be adopted:

A RESOLUTION ADOPTING A FINAL PROJECT PLAN FOR WASTEWATER SYSTEM IMPROVEMENTS AND DESIGNATING AN AUTHORIZED PROJECT REPRESENTATIVE

WHEREAS, the City of Grosse Pointe recognizes the need to make improvements to its existing wastewater collection system; and

WHEREAS, the City of Grosse Pointe authorized Anderson, Eckstein and Westrick, Inc. to prepare a Project Plan, which recommends construction of the City of Grosse Pointe Sanitary Sewer Rehabilitation Projects; and

WHEREAS, said Project Plan was presented at a Public Hearing held on May 11, 2009 and all public comments have been considered and addressed;

NOW THEREFORE BE IT RESOLVED, that the City of Grosse Pointe formally adopts said Project Plan and agrees to implement the selected alternative (Alternative No. 2A).

BE IT FURTHER RESOLVED, that the City Manager, a position currently held by Peter J. Dame, is designated as the authorized representative for all activities associated with the project referenced above, including the submittal of said Project Plan as the first step in applying to the State of Michigan for a revolving fund loan to assist in the implementation of the selected alternative.

UNANIMOUSLY ADOPTED.

PUBLIC HEARING – WATER & SEWER RATES AND METHODOLOGY

City Manager Dame stated that the purpose of the meeting was to receive comments and views of interested persons on the FY 2009-10 water and sewer rates required by the SRF loan program. The rates include adjustments for proposed Detroit sewer and Grosse Pointe Farms water charge increases. To comply with State of Michigan requirements for receipt of SRF loans, the water and sewer rate structure requires several methodological changes in determining water and sewer rates. Mr. Dame indicated that action on the proposed rates and an ordinance amendment is intended to take place at the next regular meeting.

James Rabine of Anderson, Eckstein & Westrick summarized the 2009-10 Water Rate Study dated April 8, 2009. Mr. Rabine stated that the City needs to review its User Charge System to assure that adequate funds are collected to finance sanitary sewer system operations and to service SRF debt for sewer main and pump station rehabilitation programs. The City intends to apply for Michigan Water Pollution Revolving Fund loan (commonly called State Revolving Fund (SRF)) to provide low interest financing of capital improvement programs. The City also identified the need to provide a detailed billing system that will clearly reflect what is financed by the utilities fees. Mr. Rabine discussed and reviewed the goals for changing the Grosse Pointe user service charge. He further reviewed the executive summary of the Water Rate Study including the purpose of the study, city accounting practices, rate setting methods, readiness to serve charge, commodity charge, debt service charge, industrial damage control charge, assumptions and procedures for development of the rates. Tables 1, 2, and 12 were discussed. Mr. Rabine answered various Council questions regarding the Water Rate Study, executive summary and methodology.

Mayor Scrace opened the public hearing and asked for public comment regarding the proposed water and sewer rates. Hearing no comment from those in attendance, Mayor Scrace closed the public comment and closed the public hearing.

Motion by Council Member Stempfle second by Council Member Parthum to direct staff to place the proposed rates and required ordinance amendments for the FY 2009-10 water and sewer rates on the May 18 regular Council meeting agenda.

UNANIMOUSLY ADOPTED.

PUBLIC HEARING – 2009-2010 BUDGET

Mayor Scrace announced that this was the time set for a public hearing by the City Council on the proposed budget and proposed property tax levy, for fiscal year July 1, 2009 through June 30, 2010.

Finance Director Johnson gave an overview of the budget. She reported that the proposed budget is balanced and no change is proposed for the 2009 City tax rate. Mrs. Johnson reviewed a PowerPoint presentation that addressed decreases in property tax revenue and residential assessments. Further, State Revenue Sharing has decreased 7.63% and is expected to continue to decline. It was noted that a reduction in overall budgeted expenses for all departments was implemented. The general fund has an overall decrease in total expenditures of 8.31%.

Discussion took place regarding general fund revenues and expenditures, the general debt fund, water & sewer fund, parking fund, highway fund, marina fund and the drug forfeiture fund. It was noted that a multi-year capital improvement plan has been established for all major funds. City Council discussion took place regarding the budget. It was noted that the proposed budget offers the same high level of services in a fiscally responsible manner. The City Council thanked the City Manager, Finance Director and Department Heads for their hard work on preparing the budget and recognized the difficult economic sacrifices that were made to balance the budget.

Mayor Scrace opened the public comment portion of the public hearing. He asked for comments from those persons present. It was requested by the Council that information regarding the budget, the budget message and the capital improvement plan be placed on the City website and articles regarding the budget and its components be included in the upcoming City newsletter. Hearing no further comments, the public hearing was declared closed.

It was noted that the proposed 2009-10 budget and 2009 City tax rate will be adopted at the regular Council meeting on May 18, 2009.

RECEIVED AND FILED.

PRESENTATION - CAPITAL IMPROVEMENT PLAN

City Manager Dame introduced Stephen Pangori from Anderson, Eckstein & Westrick, the City's engineer, who made a PowerPoint presentation regarding the Capital Improvement Plan (CIP) and proposed system improvements to streets, sidewalks, vehicles and equipment and facility improvements. Mr. Pangori reviewed street facts, the pavement condition survey and its results, mileage rating summary 2006-09, and estimated street repair needs. He further discussed the street summary and concluded that funding levels will need to increase in order to maintain streets in good condition.

Mr. Pangori also covered the Enterprise Fund as part of the CIP which discusses water mains and sanitary/combined sewers. He reviewed water system components, the basis for system improvements and projects completed. The projects yet to be completed, according to the McNamee Study, were also discussed. Discussion took place regarding the sanitary/combined sewer needs determined as critical and important and the needs designated as low (needed over long term). City Council discussion took place regarding the report. The City Council thanked Mr. Pangori for his presentation.

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On Motion, the meeting was adjourned at 8:40 p.m.

Julie E. Arthurs, City Clerk
City of Grosse Pointe