

# City Council

## Regular Meeting Minutes

Monday, May 6, 2013  
7:00 p.m., Council Chambers



### 1. Call to Order by Mayor Burr at 7:00 p.m.

### 2. Invocation

### 3. Roll Call

Present: Arnold, Fitzgibbon, Gruber, Klavins, Kozlik Wall, Patterson, Burr  
Absent: None

### 4. Approval of Agenda

Moved by Patterson to approve the agenda. Seconded by Fitzgibbon.

Voted Yes: All. Motion carried.

### 5. Consent Agenda: Items A thru F (Roll Call Vote Required)

Moved by Kozlik Wall, seconded by Fitzgibbon to approve the Consent Agenda as follows:

- A. Council will be requested to approve the City Council Minutes of April 15, 2013.
- B. Bills totaling \$781,554.46 for the period ending May 5, 2013 be approved and forwarded to the Clerk and Treasurer for payment.
- C. Council will be asked to award the purchase of a Ford E-150 cargo van to Woodhams Ford in the amount of \$18,411.
- D. Council will be asked to authorize staff to purchase two emergency call boxes to be placed at the North and South Beaches in the amount of \$48,100 for the equipment and \$2100 for annual maintenance.
- E. Council will be asked to approve a change order to the Gro America dredging contract in the amount of \$253,850.10 for Black River Main Channel Dredging.
- F. Council will be asked to receive the following administrative reports and approved minutes to be placed on file:
  - 1) Planning Commission:
    - a. Workshop Minutes, November 1, 2013
    - b. Regular Minutes, November 1, 2013.
  - 2) Liberty Hyde Bailey Museum: Minutes, March 19, 2013.
  - 3) Harbor Commission: Minutes, March 19, 2013.

A Roll Call Vote was taken:

Yeas: Arnold, Fitzgibbon, Gruber, Klavins, Kozlik Wall, Patterson, Burr  
Nays: None

Motion carried.

## UNFINISHED BUSINESS

### **6. City Council will be asked to consider an ordinance to approve the 2013 DDA Plan Amendment.**

*Background Information:* At the April 15, 2013, regular meeting, the City Council held a public hearing to receive public comments regarding an amendment to the DDA Development & Tax Increment Financing Plan. The City Council also approved a motion to introduce the DDA plan amendment ordinance. Since the ordinance was introduced, staff has spoken with several City Council members, on an individual basis, about the ordinance and the tax increment financing plan. Consistently, elected officials have expressed concerns about the DDA district and a desire to remove the residential properties adjacent to Baseline Road and Kentucky Avenue, from the DDA district. In an effort to address these concerns, the DDA plan amendment ordinance has been amended to remove the residential properties, adjacent to Baseline Road and Kentucky Avenue, after four (4) years. During those four (4) years, if the ordinance is approved, the DDA will fund the reconstruction of Kentucky Avenue.

A summary of the Plan Amendment additions and changes is listed below.

- 1) The Year 2009 Amendment, which was adopted in order to phase out certain parcels of the Development Area, is rescinded and revoked. Therefore the boundaries of the area shall remain as they currently are for the coming four (4) years. The boundaries will then be automatically updated on July 1, 2017 to strike the residential properties located adjacent to Baseline Road and Kentucky Avenue from the DDA district.
- 2) Additional projects include: South Beach Building Project; Bicycle Connections; Trash Removal.
- 3) General Street Repair is amended to increase the estimated cost to \$5,000,000.
- 4) Streetscape Improvements component is amended to add: green initiatives; planning, design, acquisition, and construction or areas and infrastructure for, cultural improvements/public art; and public wireless internet or other technology improvements.
- 5) Ice Skating Rink component to add: Installation of underground grid system; and to increase estimated cost to \$600,000.
- 6) Marketing Efforts for Downtown District to add: Production and distribution of communications materials in an effort to sustain economic activity in the Development Area; add: production of communication materials during planning and implementation of capital improvement projects; remove: sunset clause which currently restricts production and distribution of communications materials for future capital improvement projects; \$10,000/year (No funds will be used on individual business promotion efforts.)

The Plan Amendment process began in January, 2013, by publishing the meeting notice of the Development Area Citizens Council (DACC). The step sheet sent from the city's attorney lists the remainder of the process steps. The final step, should the City Council wish to approve the action, is the adoption of the 2013 plan amendment ordinance as presented.

Moved by Fitzgibbon to approve an ordinance to approve the 2013 DDA Plan Amendment as it has been revised. Seconded by Patterson.

Dorothy Appleyard, 806 Wilson St – spoke in opposition to the proposed DDA plan amendment.

A Roll Call Vote was taken:

Yeas: Arnold, Fitzgibbon, Gruber, Klavins, Kozlik Wall, Patterson, Burr

Nays: None

Motion carried.

#### NEW BUSINESS

**7. City Council will be asked to consider Resolution 2013-25: A Resolution setting a public hearing date for the Fiscal Year 2013/2014 Budget for May 20, 2013.**

*Background Information:* The budget process begins in earnest in January with department heads preparing budget concerns and requests for the City Manager's review. The Finance Department compiles and reviews these requests. As staff works through the various budget projections, a series of reports are distributed for the City Council's review. This year, several workshop sessions were held by the City Council to make sure the budget reflects the adopted policy priorities of City Council.

The City Charter requires a public hearing on the proposed budget. The City Council is required to adopt a budget at the first meeting in June.

Moved by Kozlik Wall to approve Resolution 2013-25: A Resolution setting a public hearing date for the Fiscal Year 2013/2014 Budget for May 20, 2013. Seconded by Patterson.

Voted Yes: All. Motion carried.

**8. City Council will be asked to consider approval of the employee compensation plan as part of the City of South Haven's effort to comply with the State of Michigan's Economic Vitality Incentive Program.**

*Background Information:* The State of Michigan has mandated three sets of requirements in the EVIP that cities must comply with in order to continue to receive revenue sharing. Part Three of the EVIP addresses issues related to employee compensation. As was required last year, cities must submit a plan to the State of Michigan by June 1st which outlines their intent to comply with the EVIP provisions. The plan to be submitted this year is similar to the plan submitted last year. The one item that changed was a benefit multiplier bridge down from 2.5% to 2.25% for the City Manager pension plan. The City Council took action in

January 2013 to modify the City Manager's pension plan in order to comply with EVIP requirements. Provisions of the act require the following:

- New hires who are eligible for retirement plans are placed on retirement plans that cap annual employer contributions at 10% of base salary for employees who are eligible for social security benefits. For employees who are not eligible for social security benefits, the annual employer contribution is capped at 16.2% of base salary.
- For defined benefit pension plans, a maximum multiplier of 1.5% for all employees who are eligible for social security benefits, except, where post employment health care is not provided, the maximum multiplier shall be 2.25%. For all employees who are not eligible for social security benefits, a maximum multiplier of 2.25%, except, where post employment health care is not provided, the maximum multiplier shall be 3.0%.
- For defined benefit pension plans, final average compensation for all employees is calculated using a minimum of 3 years of compensation and shall not include more than a total of 240 hours of paid leave. Overtime hours shall not be used in computing the final average compensation for an employee.
- Health care premium costs for new hires shall include a minimum employee share of 20%; or, an employer's share of the local health care plan costs shall be cost competitive with the new state preferred provider organization health plan, on a per employee basis

The City of South Haven has taken steps to comply with the health care premium costs for employees as outlined in PA 63. The city elected to comply with PA 152 which places a hard-cap for maximum employer contributions to health care costs. The healthcare cost requirements for EVIP under PA 63 are similar to those under PA 152, in that each plan requires either a minimum of 20% employee contribution or that employer costs be capped. PA 63, however, addresses health care costs for new hires only while PA 152 addresses health care costs for all employees. The City will conduct an analysis to determine compliance with PA 63. The city's employee compensation plan will include a provision to introduce a proposal at union contract negotiations to increase employee contribution to health care costs to 20%, up from 7% for the low benefit plan and 15% for the high benefit plan. The plan will also include a provision to increase the employee contributions for health care for all non-bargaining unit members to 20%. Non-bargaining unit members currently pay 15% of the cost for the lowest benefit option and 20% of the cost for the mid and high benefit options.

The city is compliant with the PA 63 provision that places a cap on the annual employer contributions to retirement plans for new hires. The employer contributions as a percentage of wages are capped at 10% for the following divisions under PA 63: Non-union division (current employer contribution is 0.0%; employee contribution is 8.0%); City Manager division (current employer contribution is 7.59%; employee contribution is 8.0%); Information Center division (current employer contribution is 2.58%; employee contribution is 0.0%) and TPOAM division (current employer contribution is 2.32%; employee contribution is 11.0%). The employer contribution to the Police division is capped at 16.2% under PA 63 because the members are not eligible for Social Security (current employer contribution is 9.75%; employee contribution is 3.0%). The city's EVIP plan includes a provision to implement a cap on employer contributions to retirement plans based on the provisions of PA 63.

The benefit multipliers in the city's pension plans would comply with the provisions of PA 63 if the city eliminates its retiree health care. The city's EVIP plan will include a provision to eliminate retiree health care or reduce the pension benefit multipliers as provided in PA 63.

The city will introduce a provision to reduce the includable leave hours in final average compensation to 240 and to exclude overtime from final average compensation. All city retirement plans currently include overtime and all leave time earned in the final average compensation period in the pension benefit calculation.

Moved by Fitzgibbon to approve the employee compensation plan as part of the City of South Haven's effort to comply with the State of Michigan's Economic Vitality Incentive Program. Seconded by Kozlik Wall.

Voted Yes: All. Motion carried.

**9. Interested Citizens in the Audience Will be Heard on Items Not on the Agenda**

*(You will be given up to 5 minutes to address your concerns.)*

None at this time

**10. City Manager's Comments**

**11. Mayor and Councilperson's Comments**

Kozlik Wall: No comments.

Gruber: No comments.

Fitzgibbon: Enjoying warm weather.

Patterson: No comments.

Arnold: Congratulations for success in Softball game to raise funds for MS.

Klavins: Students will be visiting City Hall to learn about government.

Burr: Trailblazer bicycle rally is this coming weekend.

**12. Adjourn**

Moved by Patterson to adjourn. Seconded by Fitzgibbon.

Voted Yes: All. Motion carried. Meeting adjourned at 7:27 p.m.

RESPECTFULLY SUBMITTED,



Amanda Morgan, CMC  
City Clerk

Approved by City Council: May 20, 2013