

CITY OF FENTON COUNCIL PROCEEDINGS
Monday, October 28, 2013
City Hall Council Chambers
301 South LeRoy Street

Mayor Sue Osborn called the meeting to order at 7:31 PM.

The invocation for the evening was the Lord's Prayer and was followed by the Pledge of Allegiance.

Present: Bland, Grossmeyer, Jacob, King, Lockwood, Osborn, Smith.
Absent: None
Others Present: Lynn Markland, City Manager; Stephen Schultz, Legal Counsel; Mike Burns, Assistant City Manager; Bob Cairnduff, Fire Chief; Daniel Czarnecki, Director of Public Works; Brad Hissong, Building and Zoning Administrator.

CITY MANAGER'S REPORT

Markland reported the following:

- The exterior lighting project at the water plant is complete and the necessary documents for Consumers Energy have been signed. The lighting is LED and should result in lower costs for the lighting of the parking lot.
- The Community Center Restoration Committee met last week and requested Lindhout Associates prepare a proposal to make the necessary changes to begin the project. The architectural changes should take two to three weeks and then the construction manager will get prices for the project and its anticipated construction will begin in four to five weeks.
- On Wednesday, he, along with Mayor Osborn and Assistant Manager Burns met with Bill Hanka from The Ferguson Group and a representative from the EPA Regional Office in Chicago. They toured several sites in the City and identified specific grants the City may be eligible for and he will be applying for those grants to assist with cleaning up some sites.
- He has been working on the streetscape and getting SHPO approval for that project.
- He asked that two items be added to tonight's agenda. The purchase of a new server and the renewal of the natural gas contract the City has through the Michigan Municipal League's natural gas program.

COUNCIL MEMBER COMMENTS

Lockwood congratulated the North Leroy Business District on their 'Trunk or Treat' event. She also complimented John Strayer, and all the businesses that supported him, at his event at the Community Center. The Southern Lakes Parks and Recreation Board meeting was held last week and they approved the budget for the upcoming year and approved an effort for open and better communication with the schools through monthly meetings. She commented that the plans for Jingle Fest are moving forward. The Fire Chief has the application for the

Jingle Fest fireworks display and it will be coming to City Council for approval. She updated the Council on the work the Lighting Committee has been doing.

Smith congratulated John Strayer on the Halloween parade and kid's party that he and his group put on.

King commented the Loose Senior Center building is coming along and thanked the newspaper for the article they ran. She wished everyone luck in next week's election.

Bland thanked the Lighting Committee for all their work. He thanked all involved in last week's Lion Club raffle. He stated the Fenton Freedom Center is having a Pumpkin Fest this Wednesday night from 5 p.m. – 9 p.m.

LEGAL COUNSEL REPORT

Schultz stated he was in court today with Building and Zoning Administrator Brad Hissong on a code enforcement issue. The court found the defendant responsible and levied a fine and the property in question was brought into compliance. He will be working with Hissong to address 840 Westwood. The Planning Commission has asked him to attend their next meeting to address the therapy animal ordinance that they will be working on before they send it to City Council. He has also been working on the Cornerstone issue, which is on tonight's agenda.

MAYOR'S COMMENTS

Osborn thanked the Lions Club for the work they do. She stated trick-or-treat hours this Halloween are from 5:30 p.m. – 8 p.m. She thanked Lockwood and King for their work on the Christmas tree lighting.

CITIZEN COMMENTS

Craig Schmidt, DDA Chairman, asked to speak on the Corlin Request agenda item.

Dawn Overmyer, 826 Southwood Drive, asked to speak on Resolution 13-14 and the Corlin Request agenda items.

INTRODUCTION OF NEW BUILDING INSPECTOR

Hissong introduced Dave Gibson as the new Building Inspector for the City of Fenton.

CONSENT AGENDA

Osborn reviewed all items that were on the Consent Agenda.

A motion was made by Bland and seconded by Smith to approve the consent agenda containing the following items:

- Authorize payment of invoices in the amount of \$337,690.89.
- Approve and place on file the minutes of the September 17, 2013 Downtown Development Authority meeting and the October 7, 2013 City Council Work Session meeting.
- Approve request from Old Newsboys of Flint to conduct the annual "Old Newsboys Paper Sale" on December 13, 2013 from 6:00 AM – 5:00 PM
- Appoint Elizabeth Evans, Doran Kasper, Patric Parker, Douglas Tebo and James Williams to the Compensation Committee.

Osborn noted that Elizabeth Evans and James Williams are being re-appointed to the Compensation Committee.

King commented about the “Old Newsboys Paper Sale” and stated she does not like these types of events being held at street intersections as she thinks it is unsafe.

YEAS: Bland, Grossmeyer, Jacob, King, Lockwood, Osborn, Smith.

NAYS: None.

ABSENT: None. Motion carried by a roll call vote.

RESOLUTION 13-13

Markland stated this is a resolution the Council adopts annually which spells out the method of funding the City will use to meet bond obligations for water and sewer facilities in the City.

A motion was made by Smith and seconded by King to adopt Resolution No. 13-13 which presents the method of funding the City of Fenton will use to meet bond obligations for water and sewer facilities in the City.

YEAS: Grossmeyer, Jacob, King, Lockwood, Osborn, Smith, Bland.

NAYS: None.

ABSENT: None. **RESOLUTION DECLARED ADOPTED**

RESOLUTION 13-14

Czarnecki stated this resolution pertains to the Downtown Streetscape Project. He stated the City is close to submitting all the documents to MDOT so this project can be bid out. Once MDOT has reviewed the documents, they will obligate funds for the project and it can be bid out but two documents are still needed. One is from the State Historic Preservation Office and the other one is a resolution approved by City Council supporting the project. He stated this pertains to the streetscape portion of the project from the back of the curb to the front of the buildings. The City is in line to receive approximately \$576,000 of Federal Transportation Alternatives Program grant funds. This is for facility enhancements to put toward the streetscape portion of the Leroy Street project. The City’s match portion is \$172,000. These funds are available in the fiscal year 2011-2014 Flint-Genesee County Transportation Improvement Program (F-GC TIP). There are also additional funds that will come from the fiscal year 2014-2017 F-GC TIP for the reconstruction of South Leroy Street. That grant is for \$1,140,000 with a City match of \$285,000 and these funds will become available later this fall. There is also a grant coming from the MDEQ for the stormwater/street work as a loan of \$650,000 and a grant for about \$257,000.

The overall streetscape project has an estimated cost of \$4,785,000, with the City set to receive \$1,972,000 in grant funding, leaving the City to pay \$2,813,000 of the project costs (including payback of the MDEQ loan). One of the last steps in applying for streetscape enhancement funds is to provide a resolution to MDOT indicating who from the City will be authorized to sign documents attesting that the City will commit the necessary funds for the project and commit to maintain the streetscape once it is completed.

A motion was made by Lockwood and seconded by Grossmeyer to adopt Resolution No. 13-14, a resolution to establish a request for funding, designate an agent, attest to the existence of funds and commit to implementing a maintenance program for the Downtown Fenton Streetscape Project funded by the Transportation Alternatives Program and designate the City Manager as the agent to sign documents on behalf of the City.

YEAS: Jacob, King, Lockwood, Osborn, Smith, Bland, Grossmeyer.
NAYS: None.
ABSENT: None. **RESOLUTION DECLARED ADOPTED**

PURCHASE OF NEW SERVER

Markland stated there have been several issues with the City's computer system over the last few weeks including problems sending and receiving e-mail. The issue has been traced to the aging of the City's computer equipment and the server needs to be replaced. He stated the cost of the equipment will be allocated between several departments.

A motion was made by Bland and seconded by Jacob to approve the purchase of a new server at a cost of \$12,372.21. Motion was carried by a voice vote.

CORLIN REQUEST

Burns stated in late August Corlin Builders informed City Administration that their construction costs came in approximately \$800,000 higher than estimated and financed which has caused a significant gap in their financing. They have made reductions to the gap to ensure that the project moves forward but approached the Downtown Development Authority (DDA) at their October 22, 2013 meeting to assist them in gap financing in addition to what was already agreed to in the current development agreement.

Burns further stated that representatives from Corlin informed the DDA board when they learned of the costs, they did some value engineering to the building to reduce costs but not reduce the quality of the building they produce. The increased costs will result in profit reductions and Corlin has made these changes to reduce this gap to ensure the project can continue. He stated Corlin submitted their financial information and construction costs through the DDA Attorney for the City Manager and himself to review; DDA Chairman Schmidt also attended several meetings with Corlin and Jerry Mansour has also assisted in mediating through the process. He further stated after careful review the DDA Chairman, City Manager and himself agreed to allow Corlin to come the DDA Board at their October 22, 2013 meeting to request gap financing assistance with the following terms:

- \$200,000 loan with 2% interest to Corlin to assist with gap financing
- 5 year interest only payment by Corlin
- End of the 5-year interest only term, all principal will be due in one payment
- Corlin must provide a personal guarantee of assets to collateralize the loan. The building cannot be used as collateral.

After Corlin presented to the DDA, the DDA board approved the loan request pending approval of a loan agreement with Corlin (which would need approval once drafted by the DDA Attorney). This loan is also pending action from the City Council to approve the following budget amendments:

- \$64,735 that was unspent for Cornerstone in the fiscal year 2013 budget needs to be transferred to the fiscal year 2014 Cornerstone line item budget. The amended budget for this line item would total \$465,000.
- The budget would also need to reflect the \$200,000 taken from the fund balance to accommodate the loan to Corlin in fiscal year 2014.
- The bid that was awarded to Fick Excavating for the parking lots surrounding Cornerstone came in approximately \$60,000 higher than budgeted. The

Municipal Parking Lot line item needs to be amended from \$355,000 to \$415,000. The additional amount would come from the fund balance.

Ghassan Saab of Corlin Builders gave a brief PowerPoint presentation on changes made to the project in an attempt to reduce costs. The major changes include:

- Removing pilasters. This does not sacrifice any structural integrity
- Remove the six balconies from the side of the building facing the parking lot and replace with bay windows.
- Using different brick on the exterior

Mr. Saab reviewed a budget overrun analysis and detailed what steps have been taken to eliminate the overrun:

Budget overrun:	\$805,000
<u>Eliminations:</u>	
Construction Management Costs:	(\$90,000)
Builder's Overhead & Profit:	<u>(\$161,000)</u>
	\$554,000
Cash Injection from Corlin (including the \$200,000 loan)	(\$277,000)
Value Engineering	(\$197,000)
More Competitive Bids (no changes to scope of work)	<u>(\$80,000)</u>
Remaining budget overrun:	\$0

King asked what created the overage. Saab responded construction costs have gone up and bids are coming in higher than expected. He stated the first costs Corlin received were based on design development drawings, which are very conceptual and did not have details on the complexity of the heating and plumbing systems or the noise reduction involved with combining commercial and residential spaces.

King asked how much money the City will receive in yearly interest payments. Saab responded \$4,000/yr.

Bland stated he is not against the loan but that he will not be in favor of any additional loans. He commended the changes made in an effort to reduce costs.

Smith commended the DDA for putting forth the effort to move this project forward but agreed with Councilman Bland that the loan is a one-time thing. He is concerned with the exterior building changes as this building will be part of the City's legacy for years to come and he would hate to skimp on changes now.

Grossmeyer stated he is okay with the pilasters being removed but is disappointed the balconies were removed. He is in favor of the DDA helping out and echoed previous comments that this is the only loan he'll approve.

Jacob acknowledged both sides are making sacrifices to make this work. He stated the project is at a point where unforeseen problems would come to the forefront. The proposed changes do not bother him and understands they are necessary.

Markland stated he appreciates the effort everyone has made to cut costs. He is also disappointed the balconies were removed but stated this is a major step in the redevelopment of the downtown area and asked everyone not to lose sight of what is being accomplished.

Osborn stated she appreciates everything that has been done to move this project forward and feels it will be a great asset to the City.

Craig Schmidt, DDA Chairman, stated when he first heard of this a month ago, the project was close to being lost. It was at a point where investors were not going to give any more money toward the building. He stated this loan is the easiest way to move the project forward. The City is not giving Corlin money, but a loan and it gives the City protection in the project. The City will get its money back in five years. It's a personal guarantee from the builder, not on the mortgage of the building. He stated this loan will keep this project moving and feels this is one of the best projects that have ever been in the downtown and that the DDA decision on this loan was unanimous.

Dawn Overmyer, 826 Southwood, stated she appreciates the Council's comments that this loan is a onetime fix. She does not agree with the loan and thinks this is something the builder should have known about. She hopes the builder doesn't come back and ask for more money and hopes the Council doesn't go back on their word about not allowing additional loans.

Lockwood commented that there hasn't been a project like this in forty years because there was no downtown. She congratulated the builders, contractors, etc. involved with the project. She stated if the City has the flexibility to loan the money and the DDA has unanimously approved the loan request that is a good use of the DDA's judgment on this project.

A motion was made by Jacob and seconded by King to approve the Downtown Development Authority budget amendments as submitted. Motion was carried by a voice vote.

PEG GRANT

Markland stated the three school districts (Fenton, Lake Fenton and Linden) in the Fenton Area Cable Television Consortium (FACT) area have submitted a new grant request in the amount of \$175,544.43 for equipment which would be used for the creation of programming for Channel 99. The City's portion of the grant is \$61,028. This money would come from PEG funds the City has received, which can only be used for equipment purchases.

High school video production teacher Rich Ashley thanked the Council for their support of this request. He stated the three teachers in the different districts work together well on the program. They work together on bidding out equipment which gets them better prices. He stated Channel 99 has gone from a few hours of evening programming to 24 hour/7 days a week programming.

Fenton Area Public Schools Superintendent Dr. Tim Jalkanen stated there are about 170 students that want to get into the TV production class. He stated approximately 200 additional students listed the class as an elective and it is a very high demand class. He thinks a great community goes along with a great school district and commented the relationship between the school district and City is outstanding and thanked the Council for their support.

A motion was made by Lockwood and seconded by Smith to support the PEG grant request. Motion was carried by a voice vote.

MICHIGAN MUNICIPAL LEAGUE (MML) NATURAL GAS PROGRAM

Markland state the MML has created a program for the purchase of natural gas which is used to heat buildings and run generators that are used as a backup energy supply in case of a power outage. The MML program will aggregate municipalities to purchase the gas from a supplier at a significantly lower cost than from Consumers Energy or Michigan Consolidated Gas. Aggregating the municipalities together allows the City to purchase the natural gas in a

larger quantity for a lower price. The savings would be \$10,000-\$20,000 per year. The City would pay approximately 61 cents per mcf above the NYMEX price and can terminate the contract at no cost with thirty days notice. He stated this is a renewal of the contract and the City participated in the program last year.

Smith asked why City Hall is not listed as one of the facilities in the contract. Markland responded the City Hall's gas bill is attached to the Police Department and both are on the same meter. Smith stated this program is a good example of how City Administration continually finds ways to save the City money.

A motion was made by Smith and seconded by King to approve the MML Natural Gas Program and authorize the City Manager to sign the contract. Motion was carried by a voice vote.

EMS CONTRACT

Cairnduff stating he is looking for approval to recommend the Fire Department's intent to renew their contract with STAT EMS for EMS services. The current contract allows for one year extensions. He stated STAT EMS is meeting all aspects of the contract and would like to renew the contract in February 2014.

King asked what the response times are. Cairnduff responded tier one (life threatening emergencies) are around five and a half minutes and tier two (non life threatening emergencies) are around seven minutes.

Smith complimented the Chief on the job the Fire Department does for the City and thanked him for coming to Council early to get approval.

A motion was made by Lockwood and seconded by Smith to authorize the City Manager to provide notification to STAT EMS and the City of Linden of the City's intent to exercise their right under the current contract to renew the contract for EMS services for a period of one year, to take effect on February 1, 2014. Motion carried by a voice vote.

CALL TO THE AUDIENCE

Sarah Paxton and Bob Simmons stated they are dentists that currently practice at 138 North Leroy. They are moving their practice to Silver Parkway and have an issue with the tap fee that was charged at the Silver Parkway building that they came to the Council to get resolved.

Osborn stated the Council cannot act on this matter tonight as the Council has no knowledge of it.

Markland stated he does not have enough information to resolve this issue tonight. He will look into this matter and get back with Ms. Paxton and Mr. Simmons.

Meeting was adjourned at 8:48 PM.

Mayor Sue Osborn

City Clerk, Renee Wilson

Date approved: November 25, 2013