

The regular meeting of the Clare City Commission was called to order at 6:00 p.m. in the Commission Chambers by Mayor Pat Humphrey who led the Pledge of Allegiance. Present were: Commissioners Bill Horwood, Pat Humphrey, John Koch, Tom Koch, and Jean McConnell. Absent: None. Also present were Ken Hibl, City Manager; Steve Kingsbury, Treasurer and Finance Director; Dwayne Miedzianowski, Police Chief; Amanda Green, Parks and Recreation Director; and Diane Schmidt, City Clerk.

2. CONSENT AGENDA:

Moved by Commissioner Bill Horwood second by Commissioner Jean McConnell to approve the items listed with an asterisk (*) (Amended Agenda, Minutes, Communications, Department Reports, First Reading of Ordinances 2011-005 and 2011-006, and Accounts Payable list), that are considered to be routine by the City Commission. Ayes: All. Nays: None. Absent: None. *Motion Carried.*

3. *APPROVAL OF MINUTES:

Approved by Consent Agenda.

4. *APPROVAL OF AMENDED AGENDA:

Approved by Consent Agenda.

5. PUBLIC COMMENT: None.

6. OLD BUSINESS/UNFINISHED BUSINESS: None.

7. NEW BUSINESS:

A. MICHIGAN NATURAL RESOURCES TRUST FUND GRANT APPLICATION – PROPERTY ACQUISITION GRANT FOR NEW SOCCER/RECREATION COMPLEX

Clare Public Schools commenced a community soccer program approximately ten years ago. The program quickly exceeded the program objectives set by CPS; consequently, CPS queried the City approximately four years ago to determine whether we would be willing to assume responsibility, control, and management of the program under the umbrella of our Recreation Program. The City agreed; CPS transferred the funds the program had generated (\$10K) to offset the City's start-up costs; and we quickly (almost overnight) created a temporary soccer complex at the Clare Municipal Airport.

Due to the continued, amazingly accelerated success of the community soccer program, we have outgrown our temporary complex at the airport, thus the Parks & Recreation Advisory Committee commenced a search for property (minimum of 20 acres) in and within proximity of the City to support the continued growth and maturity of the program for the next three to four decades. The Advisory Board has identified and considered approximately fifteen parcels of property within the past year and through an elimination process (primarily driven by proximity to the City; property cost/affordability; excavation/preparatory work required; and access), the Board has narrowed their search to just a handful of candidate parcels.

The Board made its final assessment and approved a recommendation regarding the parcel to purchase that they believe meets the City's requirements for a new soccer/recreation complex at their scheduled meeting on Thursday, March 17th.

In accordance with the Michigan Zoning Enabling Act, we are also required to allow our Planning Commission to review the proposed purchase to ensure it meets the stated goals and objectives of our Comprehensive Master Plan. A special meeting of the Planning Commission was held on March 21st prior to Monday's City Commission meeting. The Planning Commission reviewed the recommendation of the PARB, and recommended forwarding the proposal to the City Commission.

We (the City) intend to submit a Michigan Natural Resources Trust Fund Grant application to purchase the property. The deadline for the grant application is April 1st; consequently, our scheduled meeting of March 21st is the last commission meeting prior to the deadline date.

Parks and Recreation Director provided a detailed report of the property and future plans to the City Commission.

Motion by Commissioner Bill Horwood second by Commissioner John Koch to open the public hearing pertaining to the grant application. Ayes: All. Nays: None. Absent: None. *Motion Carried.*

Public Comment: Carol Santini, Clare, MI; Melissa DeRoche, Clare, MI; Mike Viers, Clare, MI; and Doug Helmling, Clare, MI, expressed approval of the grant application for land acquisition and development of a soccer/recreation complex.

Motion by Commissioner Jean McConnell second by Commissioner Bill Horwood to close the public hearing. Ayes: All. Nays: None. Absent: None. *Motion Carried.*

Motion by Commissioner Jean McConnell second by Commissioner Bill Horwood to authorize the submittal of a Michigan Natural Trust Fund Grant application to purchase property for a new soccer/recreation complex by adoption of Resolution 2011-034. Roll call vote: Yeas: Commissioners Bill Horwood, Pat Humphrey, John Koch, Tom Koch and Jean McConnell. Nays: None. Absent: None. *Motion Carried.*

B. APPLICATION FOR PROPOSED INDUSTRIAL FACILITIES TAX EXEMPTION – JD METALWORKS

The City Commission is asked to formally consider the tax abatement request of JD Metalworks, Inc. JD Metalworks, Inc. has filed an application with the City of Clare for issuance of a twelve (12) year Industrial Facilities Exemption Certificate for abatement of personal property taxes in the amount of \$195,829.04.

A public hearing is scheduled to receive public comment related to the request. Upon conclusion of the public hearing, the Commission should deliberate the merits of the application and, if deemed appropriate by the Commission, act on the application by adoption of the separate Resolutions: one for the Exemption Certificate and one for the related requisite Agreement between the City of Clare and JD Metalworks, Inc.; the second to approve an application for an Industrial Facilities Exemption.

Supporting documentation (application, receipts, etc.) for the application is attached. The requisite notice for the public hearings has been accomplished, and property owners and taxing units have been notified of the request. To date five of the taxing jurisdictions (Clare Public Schools, Isabella County Transportation Corporation, Clare-Gladwin RESD, the Clare City Assessor and MidMichigan Community College) have responded; none object to the exemption. We've received no other stated public objections.

Motion by Commissioner Bill Horwood second by Commissioner Tom Koch to open the public hearing pertaining to the Industrial Facilities Tax Exemption. Ayes: All. Nays: None. Absent: None. *Motion Carried.*

Public Comment: None.

Motion by Commissioner Tom Koch second by Commissioner Bill Horwood to close the public hearing. Ayes: All. Nays: None. Absent: None. *Motion Carried.*

Motion by Commissioner John Koch second by Commissioner Jean McConnell to approve the application for the Exemption Certificate by adoption of Resolution 2011-032 and approve the related Agreement with JD Metalworks, Inc. by adoption of Resolution 2011-033. Roll call vote: Yeas: Commissioners Bill Horwood, Pat Humphrey, John Koch, Tom Koch and Jean McConnell. Nays: None. Absent: None. *Motion Carried.*

C. PROPOSED REVISION OF CHAPTER 38 (SPECIAL ASSESSMENTS) OF THE ORDINANCE CODES OF THE CITY OF CLARE - ORDINANCE 2011-005

Section 38-10 of the Ordinance Codes of the City stipulates that the City Assessor is required to be present at each meeting at which the City Commission considers special assessments. The City previously (approx. five years ago) had an on-staff assessor, thus this requirement was fairly easily complied with. But the City now contracts for assessing services, thus the aforementioned requirement is no longer considered reasonable and is not fiscally prudent. Consequently, we've asked our City Attorney to draft a revision to this particular section of our ordinance codes. The City Commission is asked to initiate the process to amend the ordinance deleting the requirement to have our assessor present at each meeting.

All changes, additions, or deletions of the City's Ordinance Codes require the approval of the Clare City Commission. Prior to adoption of any change, addition, or deletion, the City Commission is required to hold a public hearing and consider the proposed change at two separately scheduled public meetings.

We have noticed the City's intent to formally consider the proposed changes to our zoning codes recommended by our Planning Commission.

The City Commission is asked to hold the required hearing to solicit comments regarding the proposed change and to allow a first reading of the proposed ordinance change, thereby facilitating the process of adopting the ordinance amendment.

Motion by Commissioner Jean McConnell second by Commissioner Bill Horwood to open the public hearing pertaining to the proposed ordinance amendment. Ayes: All. Nays: None. Absent: None. *Motion Carried.*

Public Comment: None.

Motion by Commissioner John Koch second by Commissioner Jean McConnell to close the public hearing. Ayes: All. Nays: None. Absent: None. *Motion Carried.*

D. PROPOSED REVISION OF CHAPTER 20 (TREE ORDINANCE) OF THE ORDINANCE CODES OF THE CITY OF CLARE – ORDINANCE 2011-006

Article VII of Chapter 20 (Environment) of the Ordinance Codes of the City of Clare outlines the municipality's regulations governing trees and related vegetation. The Tree Advocacy Group, whose members are appointed by the Mayor of Clare with the approval of the City Commission, is the designated committee having oversight of this particular article of our ordinances. The Advocacy Group has recommended the following changes be made to Article VII:

- Elimination of the current requirement to have a City Commissioner designated as an ex-officio member of the Advocacy Group.
- Require the Tree Advocacy Group to participate in as well as coordinate annual Arbor Day activities within the City.
- Changing the expiration date of a tree permit from sixty (60) days to thirty (30) days from the date of issue.
- Allowing thirty (30) days to complete permitted work vice the current 48 hours.
- Adding provisions to Section 20-210 of the Article to include verbiage that prohibits the removal of any tree from public land without the express permission of the City.

The City Staff reviewed and concurred with the proposed changes offered by the Tree Advocacy Group and forwarded the proposed revisions to our City Attorney for review. Our City Attorney has made the requested revisions, which are outlined in the proposed amendment to our existing ordinance.

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Motion by Commissioner Tom Koch second by Commissioner Bill Horwood to open the public hearing pertaining to the proposed ordinance amendment. Ayes: All. Nays: None. Absent: None. *Motion Carried.*

Public Comment: None.

Motion by Commissioner Jean McConnell second by Commissioner John Koch to close the public hearing. Ayes: All. Nays: None. Absent: None. *Motion Carried.*

E. POINT & PAY E-PAYMENT SERVICES AGREEMENT

For several years the City of Clare has been searching for a company that can provide electronic (debit, credit, voice and Internet) payment processing for our residents and customers wherein the City would not incur any costs. We have been using the services of a processor for electronic payments originated through our Internet site but this relationship was limited to property tax payments only.

Recently we found and favorably evaluated the electronic payment processing services of a company by the name of Point and Pay. This company can provide all of the services that we desire to offer to the residents and customers of the City of Clare at absolutely no initial or recurring cost to the City. These services include debit and credit card payments through a card reader for in-person payments, on-line through the Internet and also if we desire through an Interactive Voice Response (IVR) telephone based system. All fees are paid by the customer if they choose to use this payment method at the time of their initiated transaction. These fees are conspicuously disclosed to the customer and are limited to 3% of the transaction with a \$1.00 minimum charge.

The electronic services processing agreement and related documents have been reviewed by City Staff and the City's Attorney. Integration of the payment processing and settlement process has also been discussed with BS&A, the City of Clare's provider of municipal computer software.

Motion by Commissioner Bill Horwood second by Commissioner John Koch to approve the non-exclusive electronic payment processing contractual agreement with Point and Pay and authorize the Treasurer and Finance Director to enter into the agreement by adoption of Resolution 2011-035. Roll call vote: Yeas: Commissioners Bill Horwood, Pat Humphrey, John Koch, Tom Koch and Jean McConnell. Nays: None. Absent: None. *Motion Carried.*

8. **TREASURER'S REPORT**

Treasurer's Report Received.

9. ***DEPARTMENT REPORTS**

Consent Agenda Approval.

10. **CITY MANAGER'S REPORT**

MDOT Annual Rural Elected Officials Meeting. MDOT has announced their annual elected officials meeting, which has been renamed as the Transportation Summit. Al and I plan to attend to represent the City, but I encourage attendance by any of the City Commissioners that are available to do so and ask that any Commissioner desiring to do so advise us accordingly by March April 10th to allow us to RSVP on their behalf.

MidMichigan Community Pathway Group. The City of Clare is a participant in the MidMichigan Pathways Group. The Group is working toward a common goal of

constructing a paved, non-motorized pathway system between Ithaca and Clare. A copy of a proposed informational brochure is also attached. The Group meets monthly and hopes to see the proposed pathway incrementally completed in 20 years.

11. *COMMUNICATIONS:

Bargaining Unit Correspondence. We forwarded correspondence to the Teamsters Local 214 Business Representative regarding the hiring of a temporary, part-time employee.

Michigan Liquor Control Commission (LCC) Correspondence. The City received the correspondence from the LCC.

12. *APPROVAL OF BILLS:

Consent Agenda Approved.

13. BUDGET WORKSHOP

Our 2011/2012 budget preparation and workshop schedule commences in April. Treasurer and Finance Director Steven Kingsbury and City Manager Ken Hibel provided a very general overview of the City's budget history, projections, and a few of the proactive cost saving initiatives implemented by city staff. Based on that presentation, Governor Snyder's proposed budget and the potential revenue challenges we anticipate this year as a result of that proposed state budget released today, the City Commission was asked for their guidance in preparing our 2011/2012 budget.

Steven Kingsbury announced that a municipality can qualify for any one of the three Governor's initiatives (Accountability and Transparency; Service Sharing and Consolidation; and Employee Compensation Best Practices) and restore one third of the revenue sharing for each initiative for which the municipality qualifies. However, we do not know who will determine which cities qualify under the criteria. We believe that Clare qualifies under the first two initiatives but because we have a collective bargaining agreement in place we would not qualify under the third without renegotiating the contract with the union.

Commissioner Tom Koch stated that he would like to get an accurate estimation of revenue and base the budget solely on that revenue.

Steve Kingsbury offered that it is a fairly common practice for school systems and municipalities to operate on a deficit budget. The reason that we have operated on a deficit budget for the past several years is due to the fact that by law, once the fiscal year ends the City Commission loses the authority to amend the budget. Therefore, we operate on a deficit budget so that the City will not be in violation of State law when we receive and pay expenditures after June 30, which are attributable to the prior fiscal year. Historically the City spends significantly less than the amount budgeted.

Commissioner Horwood stated that we need to spend wisely. We need to see our industrial community grow and cautioned of letting equipment wear out so that we do not get to a point where we cannot operate. He defined two areas to keep in mind; not spending money that we do not have and stagnate or decreasing revenues.

Commissioner McConnell pointed out that during her tenure on the commission, the budget expenditures appear to have been well thought out, conservative in nature and not frivolous. There are times when money must be spent, such as in scheduled equipment repairs or replacement; it easier to handle it on a schedule rather than putting it off and having several pieces of equipment wear out at the same time. McConnell prefers to be conservative but it is difficult to be specific about curbing expenditures in the budget when definitive revenue figures are not available. There are not a lot of areas that can be adjusted because many of the items in the budget are contract issues.

Commissioner John Koch offered that we have to cut back on spending; we may have to cut back on meetings and push back equipment repair or replacement for a year if possible. He does feel that staff has been prudent.

Commissioner Tom Koch offered that we may need to look at slowing down equipment replacement schedules but we still need to replace equipment as needed. We have to look at what the City's core services; public protection, maintaining water and sewer operations, and road maintenance. He pointed out that one of the biggest expenses is people and the City may have to look at that in the future. He stated that we need to be conservative and surmised there are few savings to be made, so he would like to avoid as much debt as possible for the next few years and maintain our basic services to the highest level.

Commissioner McConnell pointed out that depending on what the future holds, we may not be able to offer all of the services that are presently available.

Steve Kingsbury asked the Commission to keep in mind that some income and expenditures go beyond the twelve month period and reiterated taking caution in attempting to operate on a zero budget formula due to the potential of operating in violation of the law. As an example, in regard to the rail-trail project, we are not likely to finalize and close out the project until late this summer, so we are still paying bills from MDOT and receiving reimbursement from the MDNRE.

Commissioner Tom Koch asked if there is an accepted percentage to over budget or cushion amount to account for expenditures which span fiscal years.

Steve Kingsbury offered that since every municipality is different, every project is different and expenditures vary, there is no known acceptable budget cushion.

Ken Hibl noted that the State does provide guidance on the minimum amount that should be held in a municipal government's fund balance account.

Kingsbury stated that the guideline is that the fund balance should be in excess of 13%; Clare's is at 30% as of June 30, 2010.

Mayor Humphrey suggested that reason we are in good shape financially is because we have demonstrated responsible spending in the past and the City will be okay as long as we continue to be responsible in spending the funds we are entrusted with.

Tom Koch offered that the Cities that are presently in dire straits made bad decisions in the past and continued to do so, but the City of Clare is not in bad shape because the budget decisions in the past have been made responsibly.

14. EXTENDED PUBLIC COMMENT: None.

15. COMMISSION DISCUSSION TOPICS: None.

16. ADJOURNMENT:

Motion by Commissioner Jean McConnell second by Commissioner Tom Koch to adjourn. Ayes: All. Nays: None. Absent: None. *Motion Carried.*

Meeting adjourned at 7:56 p.m.

Pat Humphrey, Mayor

Diane Schmidt, City Clerk