

MANISTEE CITY COUNCIL

WORK SESSION AGENDA

Tuesday, January 13, 2015 - 7:00 p.m. - Council Chambers, City Hall

I. Call to Order.

II. Work Session Items.

a.) PUBLIC COMMENTS ON WORK SESSION RELATED ITEMS.

b.) DISCUSSION ON BOND INDEBTEDNESS AND RTS REVENUE RECOVERY – City Manager Mitch Deisch, Finance Director Ed Bradford and DPW Director Jeff Mikula.

c.) CONTINUED DISCUSSION ON ASSESSING SERVICES AND OTHER PERSONNEL ISSUES – City Manager Mitch Deisch.

III. Adjourn.

Memo to: Mitch Deisch, City Manager

From: Edward Bradford, CFO *ENB*

Re: Ready to Serve Charge on Sprinkling Meters

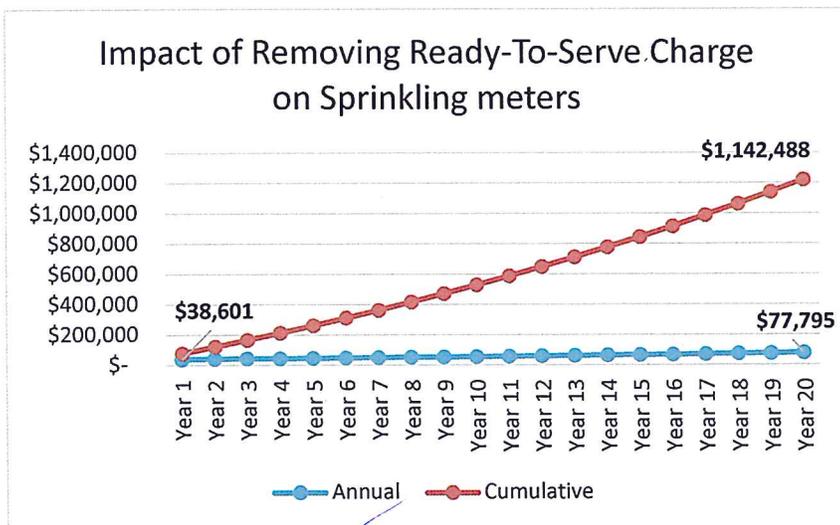
Date: December 5, 2014

Mitch,

You had requested that I provide some information on the impacts of removing the Ready to Serve (“RTS”) charge on sprinkling meters. The annual impact of this is about \$39,000 in the first year. The impact increases over time as shown in the table (this assumes an 8.5% rate increase next year and 3.5% annually thereafter, which is what the rate study recommended).

You also asked what the impact of this change would be on the proposed water and sewer revenue bond that Council will be considering in the near future. The cumulative impact of this over the twenty year bond issue is about \$1,140,000. This is approximately 28% of the total debt service payments (interest & principal) on the preliminary bond sizing of \$3,150,000.

	Annual	Cumulative
Year 1	\$ 38,601	\$ 38,601
Year 2	\$ 41,882	\$ 80,483
Year 3	\$ 43,348	\$ 123,830
Year 4	\$ 44,865	\$ 168,695
Year 5	\$ 46,435	\$ 215,130
Year 6	\$ 48,060	\$ 263,191
Year 7	\$ 49,742	\$ 312,933
Year 8	\$ 51,483	\$ 364,417
Year 9	\$ 53,285	\$ 417,702
Year 10	\$ 55,150	\$ 472,852
Year 11	\$ 57,081	\$ 529,933
Year 12	\$ 59,078	\$ 589,011
Year 13	\$ 61,146	\$ 650,158
Year 14	\$ 63,286	\$ 713,444
Year 15	\$ 65,501	\$ 778,945
Year 16	\$ 67,794	\$ 846,739
Year 17	\$ 70,167	\$ 916,906
Year 18	\$ 72,622	\$ 989,528
Year 19	\$ 75,164	\$ 1,064,693
Year 20	\$ 77,795	\$ 1,142,488



Finally, you asked what the water volume charges would have to be to make up this revenue. The current water volume rate is \$2.52 per 1,000 gallons. The rate would have to increase to \$2.67 per 1,000 gallons to offset this revenue loss.

MEMO TO: Mitch Deisch, City Manager
FROM: Jeffrey W. Mikula, Public Works Director
DATE: December 9, 2014
SUBJECT: Utility Bond Projects

M. Deisch
J. Mikula



We thought it would be useful to provide some detail on the projects that are anticipated in the proposed bond.

Maywood Tank – In 2009 the water tower was inspected by Dixon Engineering. At that time Dixon recommended that the tank be over coated with a polyurethane paint system. Total cost is expected to be below \$250,000. The current coating has a life expectancy of 15 years. At this time the coating is 18 years old. When the current paint begins to fail, we will be required to sand blast the entire tank and repaint at a cost estimated at over \$600,000.

Renaissance Pump Station Generator – Over the years we have been adding a backup generator to each pump station at a rate of one per year as the budget allows. This practice has been encouraged by the MDEQ. The pump station located within Renaissance Industrial Park serves the Park, Oaks Correctional Facility, and East Lake Estates. This pump station is the farthest from the City. In the event of a widespread power outage, it takes us much longer to respond to this pump station with a portable generator. This and the frequent cycling from the Oaks Correctional Facility have made this generator the next priority.

Portable Pump – The current portable pump does not have capacity and ability to perform all the functions required of it. We have sized a portable pump capable of meeting all of our needs including, operating each of our current pump stations (as a portable pump station), bypassing the headworks of the WWTP, dewatering water main breaks and flooded areas, bypass pumping etc. The engineers have estimated that bypass pumping for the Industrial PS, Sweetnum PS and 6th Ave PS projects could cost in excess of \$100,000 if contracted. This pump should pay for itself, by using it on one or more of these projects alone.

Century Terrace CSO Closure – CSO #008 was officially closed during the '80s. The closure consisted of increasing the height of the weir, but not to the ceiling in the diversion chamber. In the spring of 2013, the USCG and MDEQ identified raw sewage being discharged from the storm outfall at the diversion chamber. We identified a plugged sewer main and immediately rectified the problem. The MDEQ issued a Notice of Violation for the Sanitary Sewer Overflow (SSO) and required the weir to be made watertight. This construction project was completed last month on budget.

Industrial Park Pump Station Upgrades – This pump station serves the industrial park located at the north end of Washington Street as well as the homes on Dunes Drive. The pump Station is our only single phase pump station and incurs frequent failures due to power issues and plugging with debris. We are proposing to replace the pumps, rails, electrical equipment and add communications equipment and a metering pit, while converting it to 3 – phase power.

Sweetnum Pump Station Upgrades – This pump station serves both the Sweetnum Lake Bluff Subdivision and Lakeview Village Subdivisions along with Lakeview Apartments. One of the two pumps has been out of services for a couple years. During wet weather events, the single pump cannot keep up with flows and has resulted in basement backups. We have adjusted the floats to trip alarms in time for us to add a portable pump to assist, however our current portable pump does not have capacity to pump from the depth needed and requires staff to continuously operate it. We are proposing to replace the pumps and rails, electrical panel and add communication equipment and a valve chamber.

Return Activated Sludge Pumps – Activated sludge is the main component by which we treat and clean wastewater. The Return Activated Sludge Pumps (there are three) circulate the activated sludge through the plant 24 hrs a day, 7 days a week, 365 days a year. The pumps run at full capacity and pinch valves adjust how much sludge passes through them. These pumps are rated with a 20 year useful life and are currently 25 years old. We are proposing to proactively replace all three pumps prior to failure as an asset management item. We are also proposing to install variable frequency drives to replace the use of pinch valves, in order to prolong the life of the pumps and reduce energy consumption.

Riverbank Sewer Line – This sewer line is actually the north interceptor sewer. It is located along the river's edge and is supported on wood pilings by steel hangers. Over the past 75 years the pilings and supports have experienced severe deterioration and the pipe has become dislodged. Should we experience a pipe failure at this location, it would be extremely difficult to repair and will cause environmental issues. The project includes installing a new steel seawall and constructing a new sewer main behind the wall. The estimated cost of this project has increased by at least 50% since the preliminary design stage in 2008.

Sixth Ave Pump Station – This pump station serves all of our customers north of the river channel, including the Northside, Westshore Medical Center, and the Oaks Correctional Facility. Sewage is pumped from the north interceptor under the river to Oak and River Streets. When the Joslin Cove development was being constructed in 2007, the MDEQ required a capacity study for this pump station. It showed that the pump station was under capacity and required upgrading. The MDEQ made it a condition of the permits for the Joslin Cove water and sewer extensions. The concrete wet well, valve chamber and portions of the force main were built in 2008 when the access drive was upgraded.

Flow Monitoring – The efforts of the Sanitary Sewer Evaluation Study resulted in the disconnection of over a hundred catch basins and hundreds of illicit connections. Though the study was very valuable, the wet weather flows to the plant remain far above the acceptable level. The proposed flow monitoring will collect data at 12 locations within the sewer collection system and identify locations with heavy flows during wet weather events. We expect to begin to narrow down areas of concern for further investigation by work funded by the SAW Grant.

Gallery Leaks – A below surface room at the WWTP has a continuous inflow of water where existing pipes penetrate the wall and along cracks. The leak creates a slip hazard and requires us to run a sump pump continuously to handle it.

City of Manistee

2014 Water & Sewer Utility Revenue Bond Sizing

10/13/2014

Project	Priority Phasing	Project Number	Likely Purchase Construction Calendar Year	Estimated Total Cost	Materials Construction	Engineering	Contingency
Maywood Tank	1	Dixon	2015	\$ 270,000	\$ 225,000	\$ 10,000	\$ 35,000
Ren. Park PS Generator	1	n/a	2014	\$ 37,610	\$ 37,610	\$ -	\$ -
Portable Pump	1	n/a	2014	\$ 43,015	\$ 43,015	\$ -	\$ -
Century Terrace CSO Closure	1	2014-005	2014	\$ 35,000	\$ 19,800	\$ 10,000	\$ 5,200
Industrial Park PS Upgrades	1	2014-012	2015	\$ 173,600	\$ 139,600	\$ 19,000	\$ 15,000
Sweetnam PS Upgrades	1	2014-011	2015	\$ 70,690	\$ 52,900	\$ 12,500	\$ 5,290
Return Activated Sludge Pumps	1	2014-018	2015	\$ 69,900	\$ 49,900	\$ 10,000	\$ 10,000
Riverbank Sewer Line	2	2014-021	2015 and/or 2016	\$ 1,456,000	\$ 1,194,000	\$ 143,000	\$ 119,000
Sixth Ave. Pump Station	2	2014-022	2015 and/or 2016	\$ 447,600	\$ 323,600	\$ 75,000	\$ 49,000
Flow Monitoring	2	TBD		\$ 60,000		\$ 60,000	\$ -
Gallery Leaks	2	TBD		\$ 50,000	\$ 30,000	\$ 5,000	\$ 15,000
Rounding				\$ 36,585			\$ 36,585
Total Revenue Bond				\$ 2,750,000	\$ 2,115,425	\$ 344,500	\$ 290,075
Other Costs							
Debt Service Reserve				\$ 160,000			
Capitalized Interest				\$ 96,500			
Underwriter's Discount				\$ 63,000			
Bond Counsel				\$ 25,000			
Bond Insurance				\$ 22,000			
Financial Advisor				\$ 14,500			
Rating Agency				\$ 10,000			
Other				\$ 9,000			
				\$ 400,000	14.55%		
Grand Total				\$ 3,150,000			

Assessing Services

December 2, 2014
Council Work Session

**Assessing White Paper
March 2011**

- Four options presented in 2010 whitepaper
- Assessing Budget 09/10 (2.1 FTE) \$179,580
- Assessing Budget 10/11 (1.1 FTE) \$112,962
- Council choose to eliminate Asst. Assessor position in 10/11, resulting in \$66,618 savings
- For past 3.5 years Assessors Office has operated with 1.1 FTE, with current 14/15 FY budget of \$119,862 (11-24-14 memo stated budget amount at \$118,229)

Current Assessing Situation

- Current Assessor has informed Council of her desire to end employment in early 2015.
- Ms. Beardslee has requested an opportunity to negotiate a separation agreement with the City to facilitate leaving.
- Ms. Beardslee has an agreement with the City entered into in 1990 that pays her a 25% severance payment if terminated.

Current Assessing Situation

- Ms. Beardslee has indicated that she would be willing to stay in her current position until mid-March 2015 to sign the tax role and complete the March 2015 Board of Review, based upon the following conditions:
 - Agreed upon separation agreement
 - Additional staff assistance (internal or contractual) with personal property tax data entry
- This would get the City thru the "Assessing Season" and allow for smooth transition
- Initially requested to separate/retire on January 2015, which would have caused operational issues with tax role and March Board of Review

Assessing Options

- With Ms. Beardslee leaving, it presents an opportunity to reorganize how Assessing services are provided for in the City.
- Assessing Options
 - Status quo
 - Contract with Manistee County Equalization Dept.
 - Contract with private firm

Status Quo

- FY budget (1.1 FTE) \$119,862
 - excludes legal\outside appraisal fees

Pros	Cons
Current service level maintained	Most expensive option
Only focus is on City assessing	Does not take advantage of intergovernmental cooperation opportunities

Manistee County Equalization Dept.

- County proposal \$83,961
- Potential savings \$35,901
- MCED would hire new employee to help perform City assessing role
- Would be looking for multiple year contract

Manistee County Equalization Dept.

Pros	Cons
Intergovernmental cooperation	Loss of experience
Saves general fund dollars	Dependent on another unit of government
Both County and City are after same objective, fair assessment	Cost of requested separation agreement**
Potential increased hours open to public	Some loss of control
	Likely more costly than private contract

** paid for out of remaining 2014-2015 budget for Assessing

Private Assessing Contractor

- Staff has meet with two private firms that provide services for Ludington and Frankfort
- Ludington contracts out assessing for \$61,000 (\$31,000 contract & \$30,000 personnel)
- Frankfort contract Assessor identified the cost for possible assessing Manistee at approx. \$14 per parcel
- Approx. 3,900 parcels x \$14 = \$54,600
(assume conservatively \$60,000)

Private Assessing Contractor

Pros	Cons
Saves general fund dollars	Similar service levels (days open to public); no increase
Intergovernmental cooperation if jointly performed with Pere Marquette Township*	Cost of requested separation agreement**
Likely the least expensive option	

*Staff met with Pere Marquette Township about jointly bidding out the assessing services, as their Assessor is also retiring. They seemed receptive.

** paid for out of remaining 2014-2015 budget for Assessing

Financial Comparison

Organizational Model	Estimated Cost
Status Quo (In-House 1.1 FTE)	\$120,000
Contract with Manistee County	\$84,000
Contract with Private Firm	\$60,000*

*Cost would be determined after bidding out service

Conclusion

- City Council is being asked to consider options and provide direction for staff to prepare the FY 15/16 FY budget.
- If Council supports either contracting option and directs staff to prepare the budget in this fashion, the City will be responsible for the 25% severance package to Ms. Beardslee.
- To ensure a smooth transition (current Assessor staying until March 2015 to sign tax role and hold March Board of Review) a mutually acceptable separation agreement would be required. Absent a mutually acceptable separation agreement the current Assessor has indicated they would leave in January 2015.
