

The Fruitland City Council met in Regular Session at City Hall on Tuesday, March 14, 2017 at 7:30 p.m. with the following members present:

President Darlene Kerr, Treasurer Gloria Ortiz, Councilor Roland Palmer, Councilor Charles Nichols and Councilor Mark Miciotto.

Also present at the table were:

City Manager John Psota, Chief Michael Phillips, Deputy Treasurer Mark Swift, City Clerk Raye Ellen Thomas and City Solicitor Andrew Mitchell.

Our guests included:

Public Works Director Mike Gibbons, Finance Coordinator Sheila Dennis, Bob Marvel, Katherine McAllister, Mary Stevens, Cornella Harmon, Ted Willette, Pastor Dana Stauffer, Chris Gilkerson, Joey Gilkerson, Brad Gilles, Wayne Shores, L. Mac Pusey, Joe Castile, Crystal Castile and their children.

President Kerr called the regular Council meeting to order at 7:30 p.m. and welcomed all in attendance. Treasurer Ortiz offered prayer and all recited the Pledge of Allegiance.

President Kerr acknowledged receipt of the minutes of the Regular Meeting of February and called for additions or corrections. As there were none, **Councilor Palmer moved to adopt the minutes as presented; Councilor Nichols seconded and the motion passed on a vote of five to zero.**

Treasurer Ortiz delivered the February Treasurer's Report. For February 2017, the City recorded \$155,735 in revenues. Of that total, \$75,000 was for income tax. The total billed revenues for the fiscal year are now just under \$5.9 million, including real estate taxes and three quarters of utility billing. The City incurred \$551,759 of expenses for the month, including \$179,000 of expenses for the renewal of the City's property and liability insurance policies. The total expenses for the fiscal year to date are \$4.6 million. The net deficit for the City for the month of February is \$396,000 and the net income for the fiscal year to date is \$1.3 million. **Councilor Miciotto moved to accept the Treasurer's Report as presented. Councilor Nichols seconded and the motion passed on a vote of five to zero.**

Chief Phillips gave the Police and Code Enforcement reports. Chief Phillips advised that Mary Stevens had been to the office and spoke with Code Enforcement about the issues discussed last month.

City Manager Psota stated he will report later.

Deputy Treasurer Swift stated he will report later.

Public Works Director Gibbons gave an update of the ongoing projects within the City.

UNFINISHED BUSINESS

1. **Paid Bills**

President Kerr acknowledged receipt of the paid bill report. **On a motion made by Treasurer Ortiz and seconded by Councilor Miciotto the paid bills were approved by a vote of five to zero.**

2. **Water Plant Well Upgrade Update**

City Manager Psota stated that he would like to suggest a work session to discuss the proposal. The Council agreed to hold a work session on March 22, at 9:30 a.m.

3. **North Brown Street One Way Resolution**

City Manager Psota read Resolution 6 - 2017, which is a resolution of the City Council designating North Brown Street, between its intersection with Main Street to the South and St. Lukes Road to the north, as a one-way street northbound as of March 23, 2017. Wayne Shores of North Brown Street asked the Council why the road was not going to be straightened and widened. City Manager Psota advised that there are right of way, easements and

drainage issues that are not cost efficient at this time. Jay Castile spoke to Council advising that he and his wife are in favor of the one way due to the heavy traffic and speeding that occurs on the street. **On a motion made by Councilor Miciotto to pass Resolution 6 - 2017, as read by City Manager Psota, seconded by Treasurer Ortiz, the motion was approved by a vote of five to zero.**

4. **729 South Camden Avenue Utility Connection**

City Solicitor Mitchell advised that there is a house that sits a distance from the road and was not required to have City water and sewer back in the sixties. The septic has since failed and the Health Department was under the impression that the house needed to be hooked up to City water and sewer. Since researching and speaking with the Health Department it has been determined there is not a clear right of way and the City water and sewer is not readily available so the Health Department will grant an exception to replace the septic tank. Neither City water or sewer will be hooked up.

5. **Cedar Commons Subdivision Proposal and Punch List Enforcement Strategy**

Chris Gilkerson approached the Council stating that he has made progress since the last time he spoke with the Council. He is looking into developing fifteen single family lots in Cedar Commons and had attended the Planning Commission meeting last week regarding the punch list items. Mr. Gilkerson is asking what his obligations would be for the punch list items should he purchase the fifteen single family lots. He advised he would pay the impact fees for the lots and the EDU's, but would not be able to cover all the expenses required for the development punch list. City Solicitor Mitchell advised that Mr. Gilkerson has offered to repair curb and gutter as needed, install sidewalks in front of the lots they purchase, pave and top coat a short portion of Cottonwood Drive in front of purchased lots and all the normal items that need to be done. City Solicitor Mitchell advised that the Planning Commission was in favor of the recommendations. **On a motion made by Councilor Palmer to allow Chris Gilkerson to install sidewalks, improve curb and gutters, pave and top coat only in front of the lots they purchase, which was seconded by Councilor Miciotto, the motion was approved with all in favor.**

NEW BUSINESS

1. **Board of Zoning Appeals Nominee (Ted Willette) and Oath of Office**

City Manager Psota introduced Ted Willette and City Clerk Thomas administered the oath of office to Mr. Willette for his position on the Board of Zoning Appeals.

2. **HACH Service Agreement**

City Manager Psota requested ratification of a service agreement in the amount of \$15,154 with the HACH Company. HACH installed \$95,000 worth of probes and sensors at the Waste Water Treatment Plant (WWTP) in relation to the ENR upgrade project. The one year warranty is about to expire on these nineteen items and it is recommended by GMB that we have a service agreement to protect this investment. The funds will come from the sewer contingency budget. City Manager Psota advised that should the WWTP meet discharge standards set by MDE then there would be grant money available to cover this anticipated yearly service agreement cost. **On a motion made by Councilor Miciotto to approve the ratification, as discussed previously and approved regarding the HACH service agreement on the meters, seconded by Treasurer Ortiz, the motion was approved by a vote of five to zero.**

3. **Pfultz Property Real Estate Re-assessment Request (Parcel 122)**

City Manager Psota stated that in 2005, as part of a request annexation, the Pfultz property south of Crown Road was rezoned industrial. A pending deal fell through and the family has been paying property tax assessed at industrial value since 2005. The family sought to reverse the annexation in 2008 and a month ago asked to have the state re-assess the property as agriculture. This would not to be a rezone nor affect the annexation. The state has agreed to do so. The Council would like to table this matter and discuss at the April 11th Council meeting. City Solicitor Mitchell stated that the City has to make sure the property is not to be rezoned.

4. **Workers Compensation Insurance Audit Adjustment**

Deputy Treasurer Swift advised that the City recently received the results of an audit of the workers compensation insurance package from 2016. Due to the increase in salaries and the vacation buy back, the audit resulted in the City being billed \$15,618. Council President Kerr asked how the vacation buy back affected the workers compensation; Deputy Treasurer Swift advised that it is run through payroll. City Manager Psota stated that when he was obtaining

quotes for workers compensation, Travelers quote was \$80,000 and the second quote being \$230,000, so even paying the adjusted amount is less expensive than the second quote. **On a motion made by Treasurer Ortiz to authorize payment of \$15,618 for the additional workers compensation charge to Traveler's insurance company, seconded by Councilor Palmer, the motion was approved by a vote of five to zero.**

5. Resolution 4-2017 Utilities Fund Budget Amendment

Deputy Treasurer Swift read resolution 4 – 2017, which amends the fiscal year 2016-2017 utilities fund budget. **On a motion made by Councilor Miciotto to pass Resolution 4-2017 as read by Deputy Treasurer Swift, seconded by Councilor Nichols, the motion was approved by a vote of five to zero.**

6. Resolution 5-2017 General Fund Budget Amendment

Deputy Treasurer Swift read resolution 5 -2017, which amends the general fund budget. **On a motion made by Councilor Palmer to pass Resolution 5-2017 as read by Deputy Treasurer Swift, seconded by Councilor Miciotto, the motion was approved by a vote of five to zero.**

7. Proposed Water Bill Changes

Deputy Treasurer Swift stated that the Finance Department has been looking into ways to make things more efficient and easier for the City and residents. He proceeded to lay out possible changes to meet this goal. One change would be to move the water and sewer reserves and sanitation fees from the quarterly utility bill to the annual real estate tax bill. Another possible change is to increase the penalty fee for late and non-payment of the utility bills. Deputy Treasurer Swift presented the Council with options for the changes and advised that the majority of other municipalities also operate this way. Council President Kerr stated one concern the Council has is that by adding the water, sewer and sanitation reserve fee to the real estate bill, the residents who have no mortgage will receive a \$400.00 bill. A discussion followed regarding the different ways it could be paid and how it was not increasing the total payment amount just different times it would be paid. Council President Kerr suggested that this matter be tabled until the April Council meeting. Councilor Palmer agreed, Councilor Miciotto would like to make decision tonight, Treasurer Ortiz suggested leaving it like it is, and notifying the public. Council President Kerr stated that the matter would be tabled until next meeting so the public could have a chance to comment on it at the meeting.

Deputy Treasurer Swift advised that the second proposed change deals with the late fees for the utility bills and the possibility of increasing the penalty fee for late and non-payment residents. The residents are currently given thirty days to pay the utility bill. After the due date, the City applies a 1% interest fee to the balance outstanding and sends delinquent bills with a cutoff date of two to three weeks to those that have not paid. If a resident has not paid by 4:30 p.m. on the date posted on the delinquent notice, they are charged \$25 and put on the shut off list for Public Works. If the bill is not paid and water is shut off, a reconnect fee of \$25 is also added to the bill. The City averages 800 residents being charged the 1% late fee in any given quarter and approximately 100 residents having service disconnected. The proposal is to move the \$25 administration fee from the day of cut off to the due date along with the 1% interest fee and to increase the reconnect fee, which is charged only if water is disconnected from \$25 to \$50. Councilor Palmer suggested to also table this issue until the April meeting. Councilor Miciotto suggested to vote on this part tonight. **On a motion made by Councilor Miciotto to move the \$25.00 to the day after the due date and make the reconnect fee \$50.00 if necessary, seconded by Treasurer Ortiz, the motion was approved by three in favor and two opposed.** Councilor Palmer expressed his concern over the elderly that are not able to pay their bill on time and how adding the extra \$25.00 is going to affect them. Finance Coordinator Sheila Dennis advised that the City is not trying to make additional revenue, but to encourage residents to pay their bills on time.

8. 2017 Real Estate Tax Constant Yield Rate

Deputy Treasurer Swift advised the City has received its constant yield rate from the State for the 2017 -2018 tax year. The constant yield rate is the real estate tax rate the City needs to charge to maintain the current level of tax revenue. The rate is based on the State's projection of the City's tax base for the coming year. This year the constant yield rate is \$0.9465. The current tax rate is \$.096 and if the City uses a rate above the constant yield rate, the rate would need to be advertised and also a public meeting held. Deputy Treasurer Swift advised that he will have to know whether the City will keep the property tax rate the same or lowering it to the new rate in order to prepare for the upcoming budget process. Council President Kerr asked the Council if they wished to table this until the April meeting also. Councilor Miciotto suggested to vote on this tonight and Councilor Palmer advised he had no problem with voting tonight. Council President Kerr stated that she would like to lower the tax rate to the constant yield rate

to the new rate. **On a motion made by Councilor Miciotto to lower the tax rate to the constant yield rate to .09465, seconded by Treasurer Ortiz, the motion was approved by a vote of five to zero.**

9. Public Works Truck – Salt Spreader/Snow Plow Purchase Request

City Manager Psota advised that in June of 2016, Public Works Director Gibbons obtained quotes for a snow plow and salt spreader that was approved by Council. Recently, he has received a quote for a F-450 crew cab dump truck with body, a hydraulic salt spreader and snow plow. The quote was \$69,764, in June the Council approved expenditure for a salt spreader not to exceed \$6600 and a snow plow not to exceed \$5300. In the capital improvement plan for this budget year there was approval for a dump truck of \$58,000. Combining the three items totals \$69,900, \$136. over approval. City Manager Psota is requesting to use prior surplus funds to purchase from Hertrich Fleet Services the F-450 outfitted with the salt spreader and snow plow. Councilor Miciotto asked if public works was properly trained to use this vehicle and equipment, Public Works Director Gibbons advised that yes, they watch videos and practice at the yard with experienced drivers. Councilor Miciotto advised that he could have someone from State Highway come and train the public works Department, if it was desired. **On a motion made by Councilor Miciotto to proceed with the public works truck, salt spreader and snow plow purchase request, seconded by Councilor Nichols, the motion was approved by a vote of five to zero.**

10. Truck 401 Repair Request

City Manager Psota advised that there are three sanitation trucks. Truck 401 is the middle aged truck that was used primarily before purchasing the new sanitation truck. The old truck is used for bulk pickup and has been budgeted to surplus for an amount of \$9000. Truck 401 currently needs repairs. Its estimated value is \$45,000. Truck 401 was towed to JG Parks and the turbo charger was fixed at a cost of \$3100. However, an inspection revealed pieces of metal from the exploded turbo charger found in the engine. An estimate of \$8100 was received to fix the issue. Once that issue is fixed truck 401 will be fully operational. Councilor Palmer asked how long it will take to repair the truck, and Councilor Miciotto asked if there was any warranty on the repair. Public Works Director Gibbons stated that he does not believe there will be any warranty. Discussion followed regarding the repairs. **On a motion made by Councilor Miciotto to approve the repair not to exceed \$8200, seconded by Treasurer Ortiz, the motion passed with three in favor, one abstained and one opposed.**

11. Fruitland Chamber of Commerce Donation Request

City Manager Psota advised that the upcoming Easter parade put on by the Fruitland Chamber of Commerce will be held on April 1st. The Chamber has had to purchase insurance for the event at a cost of \$640.00 for one day. City Manager Psota asked whether the City would like to help offset the cost by having the City donate half of the expense. **On a motion made by Councilor Nichols to donate \$320.00 to offset the cost of insurance to the Chamber, seconded by Councilor Miciotto, the motion was approved by a vote of five to zero.**

Public Comment/General Discussion

Treasurer Ortiz advised that she is moving outside the City of Fruitland later in the year.

Mary Stevens stated that wanted to be correct her statement that Valerie Mann owned the property she mentioned last month, she has learned that was incorrect. Ms. Stevens has talked to Code Enforcement and Chief and has a better understanding now after issues she raised in February's City Council meeting.

With no further business to discuss or comments, **on a motion made by Councilor Nichols to adjourn at 9:23 p.m., seconded by Councilor Palmer the motion passed by a vote of five to zero.**

Raye Ellen Thomas
Raye Ellen Thomas / City Clerk
Approved, April 11, 2017