

Minutes of the Clay Township Regular Board Meeting Held Monday June 18, 2007 in the Clay Township Meeting Hall, 4710 Pointe Tremble Road, Clay Township, Michigan

Supervisor Manos called the meeting to order at 7:30 p.m.

ROLL CALL

Present: Supervisor Jon Manos, Treasurer Connie Turner, Clerk Michael Pellerito, Trustee John Makuch, Trustee Thomas Krueger, Trustee Jay DeBoyer, Trustee David Dare

Absent: None

Citizens: 30

BILLS PAYABLE

Motion by Turner, supported by Makuch, to approve paying the bills in the amount of \$142,454.95

ROLL CALL VOTE

AYES: Krueger, Makuch, Turner, Pellerito, DeBoyer, Dare, Manos

NAYES: None

MOTION CARRIED

CONSENT AGENDA

Motion by Makuch, supported by Dare, to approve the Consent Agenda as presented

AYES: All

NAYES: None

MOTION CARRIED

OLD BUSINESS

None

PUBLIC COMMENTS RELATING TO ANY NEW BUSINESS

Chris Winters, 6242 Swartout Road: Resolution No. 51?

NEW BUSINESS

1. Firefighter Recognition

Mainland Fire Department made a presentation to David Danielson in recognition of his 15 years of service

2. Adopt Budget

Motion by Turner, supported by Makuch, to adopt the following budget for the 2007/2008 fiscal year:

General fund	\$1,421,314.00
Colony Road Assessment	115,275.00
Drug Enforcement	15,000.00
Mainland Fire Department	386,644.00
Police Department	2,086,527.00
Downriver Recreation	126,000.00
Oaklawn Cemetery	40,400.00
Russell Island Fire Department	5,860.25
Harsens Island Fire Department	194,542.00
Garbage Fund	556,810.00
Downtown Development Authority	343,475.51
Sewer Fund	573,535.00
Water Fund	2,308,137.00
Employee Health Care	110,000.00
Road Maintenance	34,229.60
Special Lighting	1,259.00

TOTAL **\$8,319,008.36**

ROLL CALL VOTE

AYES: Makuch, Turner, Pellerito, DeBoyer, Dare, Krueger, Manos

NAYES: None

MOTION CARRIED

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3. Resolution setting: Supervisor Salary

Motion by Krueger, supported by Makuch, to adopt the resolution to set the Supervisor salary for 2007/2008 at \$41,200.00

ROLL CALL VOTE

AYES: DeBoyer, Krueger, Makuch, Manos

NAYES: Turner, Pellerito, Dare

MOTION CARRIED

Resolution setting the Treasurer's salary

Motion by Makuch, supported by Krueger, to adopt the resolution to set the Treasurer's salary for 2007/2008 at \$54,063.00

ROLL CALL VOTE

AYES: Turner, Pellerito, DeBoyer, Dare, Krueger, Makuch, Manos

NAYES: None

MOTION CARRIED

Resolution setting the Clerk's salary

Motion by Makuch, supported by Krueger, to adopt the resolution to set the Clerk's salary for 2007/2007 at \$56,270.00

ROLL CALL VOTE

AYES: DeBoyer, Dare, Krueger, Makuch, Turner, Pellerito, Manos

NAYES: None

MOTION CARRIED

Resolution setting the Trustee salary

Motion BY Turner, supported by Krueger, to adopt the resolution to set the Trustee salary for 2007/2008 at \$2,500.00

ROLL CALL VOTE

AYES: Dare, Krueger, Turner, Pellerito

NAYES: Makuch, DeBoyer, Manos

MOTION CARRIED

Resolution setting the Deputy Stipend

Motion by Turner, supported by Makuch, to adopt the resolution to set the Deputy Stipend for 2007/2008 at \$2,734.00

ROLL CALL VOTE

AYES: Dare, Krueger, Makuch, Turner, Pellerito, DeBoyer, Manos

NAYES: None

MOTION CARRIED

4. Resolution Amending Ordinance #51

Motion by Pellerito, supported by Dare to adopt the resolution amending Ordinance #51, Sewage Disposal System, Operation, Rates and Charges and reflecting \$1.96 per 20,000 gallons and the quarterly minimum rate of \$39.20

ROLL CALL VOTE

AYES: Krueger, Makuch, Turner, Pellerito, DeBoyer, Dare, Manos

NAYES: None

MOTION CARRIED

5. Resolution Amending Ordinance #52

Motion by Makuch, supported by Turner, to adopt the resolution amending Ordinance #52, Sewer Use ordinance

ROLL CALL VOTE

AYES: Turner, Pellerito, DeBoyer, Dare, Krueger, Makuch, Manos

NAYES: None

MOTION CARRIED

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6. Resolution Amending #53

Motion by Turner, supported by Dare, to adopt the resolution amending Ordinance #53, Drain Layers

ROLL CALL VOTE

AYES: Pellerito, DeBoyer, Dare, Krueger, Makuch, Turner, Manos

NAYES: None

MOTION CARRIED

7. Resolution Amending Ordinance # 82

Motion by Turner, supported by DeBoyer, to adopt the resolution amending Ordinance #82, Waste Treatment Systems for Islands.

ROLL CALL VOTE

AYES: DeBoyer, Dare, Krueger, Makuch, Turner, Pellerito, Manos

NAYES: None

MOTION CARRIED

8. Insurance Proposals

Stephen Saph, Jr. of Argonaut covering the past two years with Clay Township gave a presentation. Have spoken with the different departments to make sure offering a current coverage format for property and liability coverage. Have used a program with a primary carrier, Trident and an umbrella carrier, Merchants Mutual. In two years the Township has had a fantastic liability claim history, just one claim, usually the highest. The annualized premium is \$141,088.00, which includes terrorism coverage, excluding that cover the premium is \$139,942.00.

Steve Johnson with Burnham & Flowers Insurance who represent the Michigan Township Participating Plan, over 1100 of 1200 plus Michigan Townships participate in this plan, including eighteen Townships in St. Clair County. This is a property liability program. In addition to current coverage this plan has a five-million dollar limit of liability on a per occurrence basis, no total limit of liability on a policy period basis. The premium for this plan, because we want all townships to participate and because of your management style and because you have had no losses in the past two years, we are able to offer your coverage at a cost of \$92,432.00 annually.

Turner: Under crime coverage, tax time coverage \$25,000.00 is not enough.

Johnson: That can be modified at a modest premium. Discussed Bonding

Makuch: Does this plan cover terrorism?

Johnson: No it does not

Pellerito: Could explain about the prior two years coverage

Johnson: Discussed retro-active coverage

Pellerito: No necessity of a tail policy then

DeBoyer: On second to last page, additional information, what kind of effect could that list of items have on our premium?

Johnson: No effect

Makuch: Why the large price difference?

Johnson: Soft market, you are one of the few remaining Townships that is not currently participating in the Michigan Township participating Plan and you are extremely well run Township.

Dare: What is your rate of increase for other Townships?

Johnson: There have been increases, but modest, main problem insurance business is cyclical.

Krueger: Sounds like a mutual type?

Johnson: No, this plan accepts no risk, fully insured program, a group program.

Pellerito: Stephen Saph, are there any questions we have missed?

Mr. Saph: No

DeBoyer: Connie, Jon, Mike, what do you see. Any big variation that would be a concern?

Manos: Appears to be same coverage

Pellerito: Actually coverage with Burnham & Flowers is a little better because we would have occurrence cover, and the aggregate of five million dollars and this is per occurrence, no cap.

This is a tough decision; have nothing but praise for Mr. Saph's company, have saved us 75 to 80 thousand dollars in the last two years but could have a \$40,000.00 savings of tax dollars this year.

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Motion by Pellerito, supported by DeBoyer, to accept the offer of Burnham & Flowers of a \$92,432.00 annual premium for the Township's General Liability insurance.

ROLL CALL VOTE

AYES: Dare, Krueger, Makuch, Turner, Pellerito, DeBoyer, Manos

NAYES: None

MOTION CARRIED

9. Police Chief Request to Purchase Recorder System

Chief Drake: This system is directly connected to our 911 system, all telephone lines, our Dispatch console; our previous system as of May 30th, went out. This opens us up for some possible civil litigation in the future. This a State bid from Motorola. Will not be covered under grant applied for the console, recommend use current and past 911 monies to purchase this system.

Motion by Pellerito, supported by Makuch, to approve \$26, 929.00 for the purchase of the 16 channel audio recorder with a one-year warranty to be taken from the 911 monies.

ROLL CALL VOTE

AYES: Krueger, Makuch, Turner, Pellerito, DeBoyer, Dare, Manos

NAYES: None

MOTION CARRIED

10. Police Chief Request to Hire Full Time Officer

Chief Drake: Officer Ballor resigned as of May 21st, been searching for a qualified officer, Carrie Ambrose meets the requirements, being certified in Radar operation, breath testing, evidence technician, domestic violence investigation, rape investigation, child sex abuse investigation commercial motor vehicle codes, weight enforcement and medical examiner investigator. Also recently assisted F.B.I. computer case.

Motion by Makuch, supported by Dare, to approve the request of Chief Drake and hire Carrie Ambrose pending the confirmation of the passing of the physical, drug and psychological testing as a full time officer as July 2, 2007.

AYES: All

NAYES: None

MOTION CARRIED

11. Police Chief Request to Hire Part Time Dispatcher

Chief Drake: Miss Jennifer Lumpkin is a previous dispatcher with us. I am in need of part time dispatcher to cover vacation or flex time or sick time. Just needs to be updated on our new system.

Motion by DeBoyer, supported by Makuch, to approve the hiring of Miss Jennifer Lumpkin based on the recommendation of Chief Drake effective immediately

AYES: All

NAYES: None

MOTION CARRIED

12. Police Request regarding Jobbie Nooner

Chief Drake: Jobbie Nooner is this coming Friday, have had direction from the Board in the past. The We Are Here Foundation is not going to have anything to do with this. In the past H.I.F.D. staged at the Winns, would recommend again because of the responses Police and fire do make. Are responsible to some extend to all reported crimes reported on the island. Do not have enough officers to stage anyone on the island. Try to get the Marine division to bring any complainants to Harsens Island and we will respond there.

Manos: Talked to Tom Cleaver, the DNR, the Corp of Engineers, the Coast Guard and the Sheriffs Department. Very concerned. Gave an update of what was done last year. The Coast Guard and the Corp will do nothing. Our Attorney has given us an opinion and talked about liability. Asked Sheriff Department to deputize our officers, they said no.

H.I. Fire Chief DuPage: We have lots of medical, lot of crime, police short handed out there, Ira and Algonac have helped. Not using all personal, have to protect other areas. Sheriff requested mutual aid and was denied. If an officer was down would be a 30-minute response. Until someone puts a stop to it we're going to go regardless. Don't want to be there but safer to be there.

Pellerito: Talked to Sheriff Lane today and he said they are there for mutual aid and marine patrol, if need to get on island will assist.

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Makuch: Getting dumped on but what are you going to do when there is a medical. If respond to medical and then don't respond to Gull Island what kind of liability are we setting ourselves up for?

Chief Drake: I cannot send my officers to that island; if a fight broke out we would be in trouble.

Makuch: If don't stage rescue unit at Four Winns, take too long.

DeBoyer: See liability on both sides. My principle tends to agree with Jon, but if we go in that direction, they have a video of a meeting saying, "we are going to show you it is not our responsibility", what is our liability then?

Motion by Dare, supported by Krueger, to stage equipment like last year and go on a per call basis with no patrol.

Makuch: If there is a 911 medical emergency on the island and they are tending to that, another instance happens it should go through Clay dispatch so it tracked.

Motion amended by Dare, supported by Krueger, to add that calls go through the Clay Township 911 dispatch.

Manos: There are special assessment districts that pay for services such as Russell Island, should be same with out islands.

Pellerito: Why it is necessary to combine and collect from out islands.

ROLL CALL VOTE

AYES: Krueger, Makuch, Turner, Pellerito, DeBoyer, Dare

NAYES: Manos

MOTION CARRIED

Supervisor Manos requested a 5-minute recess

Motion by Pellerito, supported by DeBoyer, to reconvene at 9:00 p.m.

AYES: All

NAYES: None

MOTION CARRIED

13. Various Road Repairs

Motion by Makuch, supported by Dare, to approve the 501 activity for various roads in Clay Township to blow out cracks and repair with hot pour rubber for \$16,000.00

Krueger: Is this in this year's budget?

Pellerito: Yes

ROLL CALL VOTE

AYES: Makuch, Turner, Pellerito, DeBoyer, Dare, Krueger, Manos

NAYES: None

MOTION CARRIED

Motion by Dare, supported by Krueger, to approve the 501 activity for seal patching various roads in Clay Township for \$12,000.00.

ROLL CALL VOTE

AYES: Makuch, Turner, Pellerito, DeBoyer, Dare, Krueger, Manos

NAYES: None

MOTION CARRIED

Motion by DeBoyer, supported by Krueger, to approve removing and installing new cross road culvert and reconnect pin in 2 basins, replace surface with stone and asphalt on Riverside Drive for \$7,935.00.

ROLL CALL VOTE

AYES: Pellerito, DeBoyer, Dare, Krueger, Makuch, Turner, Manos

NAYES: None

MOTION CARRIED

Motion by DeBoyer, supported by Dare to approve Field Road enclosing ditch on northwest corner, install catch basin and 76' of 18" pipe, seed and mulch in the amount of \$7,456.00

ROLL CALL VOTE

AYES: DeBoyer, Dare, Krueger, Makuch, Turner, Pellerito, Manos

NAYES: None

MOTION CARRIED

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14. Liquor License Transfer Resolution

Pellerito: This is Cheers restaurant, have done police and fire background checks

Motion by Makuch, supported by Dare, to approve the resolution transferring the liquor license from Donald Auto Sales LLC to Salete Holdings LLC.

ROLL CALL VOTE

AYES: Krueger, Makuch, Turner, Pellerito, DeBoyer, Dare, Manos

NAYES: None

MOTION CARRIED

15. Request to pay for additional ArborJet Treatment

Turner: Had applied for 16 trees, there were 18 trees to be treated and have 22 on the property next door.

Motion by DeBoyer, supported by Makuch, to approve \$84.00 for the additional trees

AYES: All

NAYES: None

MOTION CARRIED

Water Department Superintendent DeBoyer: Some of the trees next door are infested; some need to be cut down, some need to be treated.

Update on the Emerald Ash Borer by John Horvath

Motion by Dare, supported by DeBoyer, to postpone for further evaluation.

AYES: Five

NAYES: Two

MOTION CARRIED

16. Parkes & Recreation Local Millage Distribution

Turner: There is a little over \$40,000.00 for this year

Motion by DeBoyer, supported by Makuch, to allow the Treasurer to request the funds

AYES: All

NAYES: None

MOTION CARRIED

17. Library Board Resignation

Motion by Makuch, supported by Turner, to accept the resignation of Shirley Gooden from the Library Board and thank her for her years of service

AYES: All

NAYES: None

MOTION CARRIED

18. Harsens Island Fire Request to accept new Trainee

Motion by Makuch, supported by Dare, to accept Tamara Diedo as a new trainee on the Harsens Island fire department

AYES: All

NAYES: None

MOTION CARRIED

19. Plante & Moran

Mark Hurst gave a report on the five-year financial projection for the Township's Water Fund. A year ago we noted that there was a significant depletion of the cash investments in your water fund. In 2006 the water funds were depleted by a half million dollars. Was recognized at the budget workshop that would occur again in the 2007/2008-budget year. Was a request for Plante & Moran to look at the fund and the rate setting structure to see if we can suggest or recommend some possible adjustments to the rate situation to help the fund get back in line from a cash flow perspective. Looked at history of fund, has a use of cash of approximately \$600,000.00 per year. Result of three things: current economic state and interest rates, the water plant expansion debt and the debt payment on the Harsens Island expansion. The Harsens Island system originally brought large cash inflow, conceptually, you have about five or six more years of cash build up before Harsens Island starts to cause a cash drain on the fund. A \$600,000.00 use in cash is not easily remedied. When looked at way to bring it back had to look all fees the water department was charging. Have some suggested numbers for the Board to look at. Page two of projection.

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Hurst: Reviewed projections and suggestions. Know this Board does not like to raise rates unless justified, here to tell you directly that I believe the time is now. On current course entirely possible that water fund is going to run out of cash within about a 24-month period. Look at increasing every single charge in this fund. If take action today our projection for your ending cash balance on June 30th of 2011 would be \$125,000.00. Main recommendation is that you have to thoroughly reviewed this action each year. If wanted to break even by 2001 would have to increase water rates by 10% each year for the next four years. Other communities have different rate structures, need to look at them, also consider in the next six months bringing in a rate-setting expert.

Turner: Algonac usually raise our rates July 1st and then have their audit at the end of their fiscal year and either refund us money or raise it. If we raise 4% what if we get a refund?

Hurst: Would not suggest you pull back.

Makuch: The Harsens Island water district will come into play down the road.

Hurst: You may want to have separate review done of Harsens Island. It's clear that in 5 to 7 years that Harsens Island will be a net cost, paying out more than taking in.

Dare: Would you recommend re-bonding?

Hurst: Would be pulling out all the stops and looking at all costs. Bring in Paul Stoddard to look at fund and do an analysis.

DeBoyer: Concern, with all suggestion of increases, still takes us from \$991,000.00 to \$125,000.00. Do we address the issue today so at the end we don't have a large amount in decline?

Hurst: If asking what to do to bring fund back to break even and protect current cash balance, you would have to have significant rate increase. This fund needs to have cash.

Pellerito: Fair to say we should have raised rates annually since 1982.

Hurst: Should do an increase each year, you look at what you have in the bank and think it is a lot of money.

DeBoyer: When you put in a new water plant improvement and don't have a funding mechanism two million disappears in a hurry.

Manos: Reasonable assumption that there will be a certain amount of growth.

Makuch: To debate doesn't change anything; we have to be pro active, we can't count on growth.

DeBoyer: We got here by projections; they were bad. To plan on growth to fix the problem is irresponsible.

Manos: Reviewed Harsens Island district. We're not in as drastic shape as you think.

Pellerito: In 2002 with the incoming of District 7, at the current debt ratio with the cash on hand, if Harsens Island had not come on board, where would we be now.

Hurst: Approaching zero very quickly

Pellerito: Safe to say since we did not change any revenue driving sources that without those monies from Harsens Island in 2002 we would still be where we are today.

Hurst: Yes, the only difference would be instead of having a million dollars in cash you would be close to zero. The Harsens Island issue should be explored; five, six, seven years down the road it will become another issue for you. Today the issue is the cost of the expansion of the water plant.

20. Resolution Adopting Ordinance #127

Manos: Some language changes; need to look at it closer

Motion by Makuch, supported by DeBoyer, to postpone action on Ordinance #127.

AYES: All

NAYES: None

MOTION CARRIED

PUBLIC COMMENTS

Michael Kras, 6355 Genaw Road: Requesting an executive session to ratify contract.

W. Simon, 4722 Green Drive: Requested copy of tape

J. Horvath, 2040 Golf Course Road: Ash Borer and waterline

N. Sarzynski: 7842 Venice: Sewer on island and Jobbie Nooner

D. Pellerito, 7249 Dyke Road: Library fund

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BOARD MEMBER COMMENTS

None

ADJOURNMENT

Motion by Makuch, supported by DeBoyer, to adjourn the meeting at 10:15 p.m.

AYES: All

NAYES: None

MOTION CARRIED

Michael P. Pellerito
Clay Township Clerk