

SPECIAL COUNCIL MEETING
Village Hall
7227 Huron Avenue, Lexington, MI 48450
AGENDA

DATE OF MEETING: MONDAY, JUNE 10, 2024
TYPE OF MEETING: SPECIAL COUNCIL MEETING
TIME OF MEETING: 9:00 A.M.

PLEDGE OF ALLEGIANCE

CALL TO ORDER / SPECIAL COUNCIL MEETING

ROLL CALL BY CLERK

PUBLIC COMMENT

BUSINESS:

ADMINISTRATION

- A. RESOLUTION 2024-04 MILLAGE LANGUAGE – Motion to approve Resolution 2024-04 as presented.
- B. EMTERRA CONTRACT RATES – Motion to increase the monthly residential garbage rate to \$19.52 as of July 1, 2024, as recommended by the Village Manager.
- C. USDA SEWER PROJECT – Motion to authorize the draw amount of \$11,814.50 from the USDA Rural Development for expenses incurred related to the Sewer Infrastructure Project.
- D. USDA WATER PROJECT – Motion to authorize the draw amount of \$10,395.00 from the USDA Rural Development for expenses incurred related to the Water Infrastructure Project.

PUBLIC COMMENT

ADJOURNMENT



To: Village of Lexington Council

From: Lori Fisher, Village Manager

Date: June 3 2024

Re: Public Safety Millage

Background:

In March, we did a thorough analysis of budget projections looking out ten years. It was clear in the analysis that the Village is facing a budget shortfall and will be revenue negative within the next few years as well as face a shortfall in our OPEB (Other Post-Employment Benefits) and pension payments. It was noted that expenses have continually been cut over the past several years and that the shortfall is mainly due to the inflated costs of the many services the Village provides increasing faster than revenues. Growth has been steady but we have had few development projects to add substantial value increases. Our population has decreased, which caused a decrease in state revenue sharing payments.

Recommendation:

It is recommended that Council approve the following resolution to ask voters to approve a public safety millage. The Public Safety Millage would offset some of the cost of our police, fire, and ambulance costs and allow the Village to use general fund monies to pay down the pension and OPEB liabilities as well as put funds aside for capital improvement projects related to building maintenance.

While the increase would be a tremendous help to our revenue shortfall, we will continue to look for additional funding resources. Additionally, being sensitive in asking the public to increase taxes, we will continue to look for areas we can increase efficiencies and reduce costs.

In communicating the plan to the public, at a minimum, we will hold a town hall meeting, have a video presentation on our website, and have informational brochures to educate voters on the need for the millage funds.

RESOLUTION 2024-04
Resolution Authorizing a Public Safety Millage

WHEREAS; for the health, safety and welfare of the residents of the Village of Lexington, the following proposal enables the Village to provide police protection, fire protection, and emergency medical services; and

WHEREAS; the Village reviewed the need relating to the manner of providing police protection, fire protection, and emergency medical services and related operations for the Village and the method of financing thereof; and

WHEREAS; the Village may provide fire and police protection and related operations, as authorized by General Village Law 70.1 Sec 1 and 70.13 Sec. 13 (1); and

WHEREAS; the Village may contract and cooperate with other municipalities and agencies for services; and

WHEREAS; the Village may impose and levy ad valorem property taxes to finance lawful public services, as authorized by the General Law Village Act and other laws; and

NOW, THEREFORE, BE IT RESOLVED, that the Village of Lexington, based on an estimated taxable value, approves the following millage ballot proposal language and directs the County Clerk to process accordingly and to submit the proposal to the electors for the November 5, 2024 election.

Village of Lexington Public Safety Millage

Shall the Village of Lexington levy an additional millage of 3 mills (\$ 3 per \$1,000 of taxable value) for a period of 10 years, 2025 through 2034 inclusive, to be used for the propose of providing funds to support public safety services within the Village, including but not limited to police, fire, and emergency medical services. If approved and levied in full this millage would raise estimated revenues of \$ 174,970 in the first year levied? Pursuant to law, portions of this millage may be captured by local tax increment financing authorities

MOTION BY: _____ SECONDED BY: _____
ROLL CALL VOTE:
AYES:
NAYES:
ABSENT:

MOTION APPROVED

I, Vicki Scott, (Village Clerk), do hereby certify that the foregoing is a true and original copy of a Resolution adopted by the Village of Lexington Village Council of at their special meeting held on the 10th day of June 2024.

Clerk: _____

Dated: _____



To: Village of Lexington Council

From: Lori Fisher, Village Manager

Date: June 4, 2024

Re: Trash Collection Cost Increases

Background:

In analyzing the current costs for trash collection, it does not appear that we are adequately covering our costs. Fuel surcharges and environmental fees are added on to the invoices which total up to over \$1,000 per month and have continued to increase. The fuel surcharge is covered in the contract and varies with gas prices and is difficult to plan for. Additionally, the past practice of allowing customers to turn off service during the winter months contributed to the deficit as we were still being charged for service.

Additionally, Emterra has requested a "Post Pandemic Increase" to offset the high inflationary costs incurred with labor markets and supplies. While they were confident when the contract was extended in 2022 that the markets would level out, that has not been the case. Emterra cites 31% increases in labor costs, 25% increases in disposal rates, and 40% for recycling.

Current rates are \$15.96 residential and \$14.08 in Lexington North Shores. Typical rates in the area are \$29 per month without recycling.

Recommendation:

It is recommended that Council increase the monthly charge as of July 1, 2024 to residents to \$17.37 for residential pickup.

Secondly, please consider an additional \$2.15 increase per home as requested by Emterra. With competitors discontinuing residential pickups the market is difficult. The hope is that the increase now will alleviate a very large increase when a new contract is negotiated by working as a partner with our current company.

DIVE BRIEF

GFL Environmental selling Detroit-area residential business to Priority Waste

The pending deal, which includes more than 70 municipal collection contracts in the region, could make Priority the largest residential service provider in the state.

Published May 31, 2024



Cole Rosengren
Lead Editor

Cole Rosengren/Waste Dive

Dive Brief:

- GFL Environmental is selling 73 municipal collection contracts in southeastern Michigan to Priority Waste, according to reporting from local news station WWJ. Priority CEO Todd Stamper told WWJ the deal includes an estimated 500 trucks and 800 employees.
- According to a note from RBC Capital Markets, which confirmed the deal with GFL, the deal represents approximately \$150 million in annual revenue and proceeds will be used to pay down GFL's revolving credit agreement.
- The contracts encompass an estimated 700,000 customers, according to Priority, which the company says will make it the largest residential service provider in Michigan. The deal is set to close June 30.

Dive Insight:

Canada-based GFL first entered the U.S. market in 2016 with the purchase of a Detroit-area hauler, Rizzo Environmental Services, but the industry's fourth-largest company is in a much different place now.

After scaling significantly through a series of acquisitions, including many in Michigan, GFL is focused on reducing its debt leverage and boosting margins. Last year's sale of assets to WM, Republic Services and Casella Waste Systems in multiple states was a key step.

During GFL's latest earnings call, CEO Patrick Dovigi identified another \$150 million of revenue that was mainly in "low-margin

residential contracts” which the company was assessing.

“We’re looking to exit some of that revenue or sell it to a local competitor in a local market that will do better for it,” he said.

During WasteExpo’s recent investor summit, CFO Luke Pelosi said GFL was in a new phase after many years of scaling up and investing. “The heavy lifting has been done,” he said, adding that “optimizing the business that we have is something that probably didn’t get as much attention for the first 17 years as it’s getting today.”

GFL did not respond to a request for comment about the Priority deal prior to publication. The company still has a broader footprint of vertically integrated assets in other parts of Michigan.

Sabahat Khan, an analyst with RBC Capital Markets, said his firm viewed the Priority deal favorably.

“We believe this transaction provides for a modest amount of cash flow that will be used to partly pay down drawn revolver, improves GFL’s margin profile ... and highlights management’s commitment to the de-leveraging plan,” wrote Khan.

Detroit privatized waste collection in 2014, awarding contracts to Rizzo and Advanced Disposal Services at the time. Service is now provided by GFL and WM, which acquired the respective companies, but GFL was already set to conclude that contract this week. The Detroit City Council recently awarded multiyear hauling deals to WM and Priority that will take effect June 3. Priority’s contract with the city is valued at nearly \$88 million.

Priority, founded in 2018, says it currently services more than 30 municipalities in Michigan, Indiana and Ohio. The company provides a range of collection services via multiple facilities, including a transfer station. It became a portfolio company of private equity firm TRP Capital Partners in 2020 and completed multiple acquisitions around that time. Last fall, a division of Ares Management provided a senior secured credit facility to Priority to support “continued rapid growth and refinance a portion of the company’s existing debt.”

Disclosure: WasteExpo is run by Informa, the owner of Waste Dive’s publisher, Industry Dive. Informa has no influence over Waste Dive’s coverage.

<u>Current Revenues</u>		<u>Current Costs</u>		Proposed 1	Proposed 2
Residential Pick Up	562	\$15.96	Residential Pick Up	\$ 17.37	\$19.52
		\$8,969.52	602	\$9,324.98	\$ 11,752.98
LNS Pick Up	169	\$14.08	LNS Pick Up	171	\$1,593.72
		\$2,379.52			\$1,593.72
Total		<u>\$11,349.04</u>	Total	\$10,918.70	\$ 12,050.46
				\$	\$ 13,346.70

Environmental	\$	730
Fuel Surcharge	\$	400
Admin	\$	-
Post Pand Increase	\$	1,298
	\$	<u>2,428</u>
		\$13,346.70

	Revenues	Expenditures
6.30.21	\$ 117,515	\$ 114,468
6.30.22	\$ 121,430	\$ 124,452
6.30.23	\$ 121,570	\$ 128,225
6.30.24	\$ 125,276	\$ 142,455
		\$ 3,047
		(3,022)
		(6,655)
		(17,179)

ESTIMATE OF FUNDS NEEDED
FOR
30-Day Period Commencing
06-01-2024

Name of Borrower Village of Lexington Sewer

Items	Amount of Funds
Development	\$
Contract or Job No. _____	
Contract or Job No. _____	
Contract or Job No. _____	
Land and Rights-of-Way	
Legal Services	
Engineering Fees	11,814.50
Interest	
Equipment	
Contingencies	
Refinancing	
Initial O&M	
Other	
TOTAL	\$ 11,814.50

Prepared by Village of Lexington

Name of Borrower

By _____

Date _____

Approved by _____

Date _____

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0015. The time required to complete this information collection is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.



Address/Main Office
12720 Scott Road
Freeland, Michigan 486

Phone: (810) 404-2266
chris@townleyengineering.com
www.townleyengineering.com

Sandusky Address:
119 East Sanilac
Suite 2
Sandusky, MI 48471

INVOICE

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Invoice #: 24-060

May 28, 2024

Client: Village of Lexington
7227 Huron Avenue
Suite 100
Lexington, MI 48450

Project: Sewer System Improvements

Description of services provided:

Work this period included: review of SAK work performed, shop drawing review of sanitary sewer system components and progress meetings with Boddy regarding schedules, coordination and planning for construction activities.

Amount of Basic Services:

Engineer: 10.0 hours at \$130.00/hour	\$ 1,300.00
Project Engineer: 62.0 hours at \$115.00/hour	\$ 6,382.50
Project Technician I: 23.0 hours at \$100.00/hour	\$ 2,300.00
Project Technician III: 26.0 hours at \$60.00/hour	\$ 1,560.00

Subconsultant services:

Century AE Inv #39865	\$ 272.00
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Total Amount Due this Invoice: \$ 11,814.50

THROUGH FAITH ALL THINGS ARE POSSIBLE

If you have any questions regarding this invoice, please contact Townley Engineering, LLC immediately.

Payment is expected within 30 days in order to avoid finance charges.

ESTIMATE OF FUNDS NEEDED
 FOR
 30-Day Period Commencing
 06-01-2024

Name of Borrower Village of Lexington Water

Items	Amount of Funds
Development	\$
Contract or Job No. _____	
Contract or Job No. _____	
Contract or Job No. _____	
Land and Rights-of-Way	
Legal Services	
Engineering Fees	10,395.00
Interest	
Equipment	
Contingencies	
Refinancing	
Initial O&M	
Other	
TOTAL	\$ 10,395.00

Prepared by Village of Lexington _____
Name of Borrower

By _____

Date _____

Approved by _____

Date _____

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0015. The time required to complete this information collection is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.



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Sandusky Address:
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Sandusky, MI 48471

INVOICE

Invoice #: 24-032

March 26, 2024

Client: Village of Lexington
7227 Huron Avenue
Suite 100
Lexington, MI 48450

Project: Water Improvements

Description of services provided:

Work this period included: distributing contracts for signatures, reviewing the Port Sanilac Booster Pump design, reviewing shop drawings and preliminary pay applications.

Amount of Basic Services:

Engineer: 12.5 hours at \$120.00/hour	\$	1,500.00
Project Engineer: 27.5 hours at \$90.00/hour	\$	2,475.00
Subtotal	\$	3,975.00

Subconsultant services:

Century AE (Architectural, Elect, Struct)	\$	120.00
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Total Amount Due this Invoice: \$ 4,095.00

THROUGH FAITH ALL THINGS ARE POSSIBLE

If you have any questions regarding this invoice, please contact Townley Engineering, LLC immediately.

Payment is expected within 30 days in order to avoid finance charges.



Townley Engineering, LLC

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Sandusky Address:
119 East Sanilac
Suite 2
Sandusky, MI 48471

INVOICE

Invoice #: 24-061

May 28, 2024

Client: Village of Lexington
7227 Huron Avenue
Suite 100
Lexington, MI 48450

Project: Water Improvements

Description of services provided:

Work this period included: reviewing shop drawings and preliminary pay applications and coordination meetings with Booms.

Amount of Basic Services:

Engineer: 1.75 hours at \$130.00/hour	\$	227.50
Project Engineer: 52.25 hours at \$90.00/hour	\$	4,702.50
	Subtotal \$	4,930.00

Subconsultant services:

Century AE (Architectural, Elect, Struct) #39866	\$	1,370.00
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Total Amount Due this Invoice: \$ 6,300.00

THROUGH FAITH ALL THINGS ARE POSSIBLE

If you have any questions regarding this invoice, please contact Townley Engineering, LLC immediately.

Payment is expected within 30 days in order to avoid finance charges.