

MINUTES OF THE MEETING OF THE COMMITTEE-OF-THE-WHOLE OF THE CITY OF GROSSE POINTE WOODS HELD ON MONDAY, MAY 7, 2012, IN THE CONFERENCE ROOM OF THE MUNICIPAL BUILDING, 20025 MACK AVENUE, GROSSE POINTE WOODS, MICHIGAN.

PRESENT: Mayor Novitke
Council Members Bryant, Granger, Ketels, Koester, McConaghy, Shetler
ABSENT: None

ALSO PRESENT: City Administrator Fincham
City Attorney Chip Berschback
City Treasurer/Comptroller
City Clerk Hathaway

Mayor Novitke called the meeting to order at 9:02 p.m.

Motion by Bryant, seconded by Shetler, that all items on tonight's agenda be received, placed on file, and taken in order of appearance.

Motion carried by the following vote:

Yes: Bryant, Granger, Ketels, Koester, McConaghy, Novitke, Shetler

No: None

Absent: None

Tonight's meeting was called to discuss **fiscal projections, road construction and bonding alternatives, ballot language, and Headlee Amendment**. The Treasurer/Comptroller distributed the following documents and provided an overview:

1. General Fund Budget Projections:
 - a. Without Headlee Millage Increase;
 - b. With 1.60 Mill Headlee Increase;
 - c. With 1.85 Mill Headlee Increase;
2. List of Capital Equipment (Department of Public Works and Parks & Recreation);
3. Road Bond Estimated Principle Interest and Debt Schedule;
4. Sample Bond Proposal – Road Improvement Program Bonding Proposition;
5. Sample Headlee Millage Proposal (operations);
6. Taxable Value comparables (3.6 Mills/4.37 Mills);
7. Finance Committee Excerpt 01/30/12.

Discussion ensued with the Treasurer/Comptroller providing an overview of the various General Fund Budget projections. Referring to the projections without a Headlee Millage Increase, she stated that a 3-5% decrease in taxable value was initially anticipated, but the City realized only a 2% decrease. Original budget projections show approximately \$1 million coming from Fund Balance, however, the City has since collected approximately \$270,000 from Lake Front Park Michigan Tax Tribunal thereby reducing the amount required to be taken from Fund Balance. She pointed out that there would be an anticipated \$980,000 deficit for 2012/13, and that a 5-year projection on taxable value indicates an additional 1% decline next year, zero the following year, then increases in subsequent years. She also stated all employee groups have taken concessions in

benefits including, but not limited to, current health care but also a 2% contribution to retiree health care and implementation of five furlough days.

Ms. Irby stated the Finance Committee, at their meeting on January 30, 2012, unanimously recommended the Committee-of-the-Whole approve a Headlee amendment range of 3.6 up to 5.3 if .41 is already included. She then outlined the effects of a 1.60 mill increase and a 1.85 mill increase, both inclusive of \$250,000 needed for capital equipment. With the 1.60 mill increase, in the year 2017-18 the General Fund will be down to \$1.7 million, or 13% of our General Fund budget, which is below the favorable 15-20% threshold in accordance with auditing standards (GASB) affecting the City's bonding rate. She does not recommend a 1.6 increase as it is not sufficient for the City's needs.

Next, she stated a 1.85 mill Headlee amendment, is optimum, which in a 5-year projection indicates a 19% reserve in Fund Balance and within a good range according to GASB (FY 2017-18), and General Fund budget will be \$2.3 million. The Treasurer/Comptroller recommended presenting two proposals to the voters in November: a 1.85 headlee amendment, and a separate proposal for road construction.

Discussion continued regarding road construction, bonding alternatives, and a special millage/bond proposal for roads, and Ms. Irby recommended consideration being given to a fifteen million dollar bond suggesting draws of \$2-3 million in five-year increments.

There was committee discussion following the Treasurer/Comptroller's recommendation for two separate ballot proposals. Comments and concerns included the risk to the City if the operations proposal does not pass and a preference for pay as you go method for roads. There was Committee consensus to bifurcate the proposals, one for a Headlee Amendment for operations and one for road construction bonding.

Discussion then ensued regarding bonding for road construction including 4% interest and whether the terms be \$10 million for ten years or for fifteen years taking into consideration the amount of interest to be paid and the amount of the millage. The Treasurer/Comptroller was asked to provide additional information including taxable values in increments of one percent and best estimates for interest rates. This item is to be discussed further at the Committee-of-the-Whole on May 14, 2012.

Discussion then ensued regarding **Headlee amendment**. A 1.85 mill increase with a sunset provision was discussed, and that the proposed language is too complicated and should be made simpler to understand. This proposal to be discussed further at the Committee-of-the-Whole on May 14, 2012, pending new information being received.

Under **New Business/Public Comment**, the following item was discussed:

- The City Flower sale is this Friday and Saturday.

Motion by McConaghy, seconded by Ketels, that the meeting of the Committee-of-the-Whole be adjourned at 10:22 p.m. PASSED UNANIMOUSLY.

Respectfully submitted,

Lisa Kay Hathaway
City Clerk