

MINUTES OF THE MEETING OF THE COMMITTEE-OF-THE-WHOLE OF THE CITY OF GROSSE POINTE WOODS HELD ON MONDAY, MARCH 28, 2011, IN THE CONFERENCE ROOM OF THE MUNICIPAL BUILDING, 20025 MACK AVENUE, GROSSE POINTE WOODS, MICHIGAN.

PRESENT: Mayor Novitke
Council Members Bryant, Granger (via telephone), Howle, Ketels, McConaghy, Sucher

ABSENT: None

ALSO PRESENT: City Administrator Fincham
Treasurer/Comptroller Irby
City Clerk Hathaway
Director of Public Safety Pazuchowski
Director of Public Works Ahee

Mayor Novitke called the meeting to order at 7:33 p.m.

Motion by Ketels, seconded by Bryant, 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, Howle, Ketels, McConaghy, Novitke, Sucher

No: None

Absent: None

The Committee discussed **Governor Snyder's Proposal and its impact on State Revenue Sharing Funds**. Treasurer/Comptroller Irby explained she went to Lansing on Friday where the Governor's Proposal was discussed. Currently, there is no legislation making it law. She explained that because there is no plan for disbursement of State Statutory Revenue Sharing, she did not include it as revenue (\$250,000) when preparing the proposed FY 2011/12 Budget.

The Chair stated that in accordance with the Governor's Proposal, the City has been providing cooperative services for many years, should not be faulted for not being proactive, and suggested including half (\$125,000) of the Statutory Revenue Sharing when preparing the proposed budget. The Treasurer/Comptroller projected an 8% increase in healthcare costs.

The City Administrator stated examples of proactive and good faith efforts include having a combined police and fire, or Public Safety Department, since 1950; a consolidated mutual aid program since 1956; consolidated response team, and negotiate a combined dispatch. He is preparing a letter to the Governor identifying compliance with the three criteria identified in the Governor's proposal in order to qualify to continue receiving State Statutory Revenue funds. He further stated that administration, with an invitation to Council, would be attending a SEMCOG Webinar to educate administration on addressing the Governor's issues. The Chair added that the City is well ahead of the

curve with the Ad Hoc Public Safety Committee, the website, the Department of Public Works attempting to provide cooperative public service, cooperative Building Inspections, proposed cooperative Information Technology, union contract negotiations, and that this proactive approach should account for some revenue sharing funding.

Discussion then ensued regarding the **2010 Census Impact**. The Chair and Treasurer/Comptroller stated that based on results of the census, specific to Grosse Pointe Woods, the only two budget items that could be impacted were P. A. 51 Funds for Major/Local Streets and State Revenue Sharing Funds (Statutory), which is based upon population in increments of 10,000. However, the 11.2% reduction in population for Wayne County may have an effect on Grosse Pointe Woods, such as Community Development Block Grant funding.

The Treasurer/Comptroller then discussed the City's **Millage Rate**. She stated the City has somewhere between .5 - .75 mills available before reaching the Headlee cap, and that .5 mills will realize \$300,000. She asked the Council whether they wanted to consider adding the .5 mills to the tax roll, which will be at a cost to the taxpayers of approximately \$18-100, depending, and stated that out of 18 districts other than two, everyone would realize a decrease in taxes compared to the proposed taxable values for 2011 versus this year. (Recording Secretary's Note: Chart of Net Changes for Districts 4A and 4B identify \$25.79 and \$7.06, respectively.) Council Member Ketels requested a list of all the action the City has taken in the past five years to reduce costs.

The Chair stated that staffing went from 103 full-time employees to 91 and also reduced part-time staff, yet the City is still providing the same services, resulting in additional funding for health care and pension. The Mayor stated there is a need to look at the millage rate. Anticipated decline in revenue was originally 6% but is actually 11-12%, and anticipated to decline more next year. The forecasting positives: Children's home property will generate revenue from inspection fees and taxes, as well as University Liggett construction. Personal property tax in the amount of \$277,000 was not included as a revenue source in the proposed budget and will need to be added backed in together with \$125,000, half of State Revenue Sharing (Statutory), for a total of \$402,000 to be added back into budgeted revenues.

The Chair declared a recess at 8:12 p.m., and reconvened at 8:24 p.m.

The City Administrator and the Treasurer/Comptroller provided an overview regarding the **2011/12 Budget Outlook**. Action already taken to reduce the budget included eliminating Capital Equipment, drastically reducing construction, reducing staffing levels, adding \$125,000 representing half of Statutory Revenue Sharing and \$277,000 for Personal Property Tax. However a \$480,000 shortfall remains and it does include a .5 mill increase. The Chair explained that even with tax revenue declining over the past three years, at a minimum, the non-restricted fund balance still increased from June 30, 2009, to June 30, 2010. The Treasurer/Comptroller provided an overview of the Fund Balance Summary dated March 21, 2011. She further stated that staff reductions would

include layoffs or retirements of four employees, and that essential services would not be affected. The General Fund budget has been reduced by 3%. The Treasurer/Comptroller was directed to provide rough numbers on the budget.

The Chair stated that it is within the province of administration to implement layoffs. Council needs to determine whether to raise the millage, if so how much, and to incorporate it before the new fiscal year due to financial advantages; and, to incorporate cost savings from retirement/lay-offs into the budget as recommended by administration. The Treasurer/Comptroller stated the current 12.5 Mills equates to \$11.8 Million in expenses, which includes four full-time layoffs but does not include a .5 Mill increase. The City Administrator stated that retiring or laying off four positions was looked at, that the City would still be able to provide essential services, and that doing so would assist to reach the targeted numbers (deficit.)

The Treasurer/Comptroller explained that the proposed budget has a Total Non-Restricted June 30, 2012, Balance of \$4,044,000, and with \$11.8 in expenses (including four layoffs, not including a .5 mill increase), an \$840,000 short fall remains. If she were to add \$382,000 (\$125,000 for Revenue Sharing and \$257,000 for Personal Property), and including four full-time layoffs (approximately \$300,000), the shortfall is reduced to \$458,000 to maintain a fund balance of \$4,044,867.

The Chair stated that based on the previous 5-year construction plan, \$20 Million would have been spent, but the City has only spent \$7 Million on construction in order to reduce costs.

There was a consensus of the Committee that there be no opposition to administration implementing layoffs, and to building \$125,000 back into the budget for State Revenue Sharing and \$257,000 for Personal Property Tax Revenue, knowing that fund balance may have to capture remaining short falls.

Lastly, regarding raising the millage .5 mills, there was a majority consensus to raise the millage. Assessing numbers are to be provided to Administration in mid April that will determine what percentage, between .5 - .75 mills, is available. The Treasurer/Comptroller will figure .5 mills (\$350,000) into the proposed budget, and if additional mills become available they will be calculated in at a later date.

Next, the **fiscal forecast** was discussed. The Treasurer/Comptroller stated the Grosse Gratiot Drain Board meets later in the year, and depending upon operations and maintenance costs, there may be a need to increase the millage, which is not subject to Headlee, to be placed on the winter tax bill.

She further stated that there is a projected 5% loss in taxable value equaling a \$560,000 loss in taxes for 2012/13, and the current \$500,000 in restricted funds will be exhausted. An option may have to be looking at reducing costs in miscellaneous funds.

Motion by Bryant, seconded by Ketels, that Council Member Granger be excused from the remainder of tonight's meeting at 9:49 p.m.

Motion carried by the following vote:

Yes: Bryant, Granger, Howle, Ketels, McConaghy, Novitke, Sucher

No: None

Absent: None

Hearing no objections, the following items were discussed under New Business:

1. A SEMCOG University webinar outlining the Governor's Proposal is being held in the Conference Room tomorrow morning at 10:30 a.m., and Council and Administration are invited to attend.
2. The City Administrator discussed cost containment relating to a recent equipment analysis, which compared purchasing against leasing of printers/copiers. The Information Technology Manager is recommending leasing of equipment to achieve an approximate \$6,000 per year cost savings, and the City Administrator asked for Council concurrence to authorize administration to move forward with this concept. There was concurrence of the Committee to refer this item to the City Council with a recommendation from Information Technology.
3. The Director of Public Works discussed the sound stage rental rates. The Director stated the stage is rented approximately 9 times per year, has a life span of approximately 20 years, and that he would provide the cost charged against the Fireworks Fund to purchase the stage. The rental rates of surrounding communities vary from \$500-900 per day, and some charge an additional mileage fee. Our current rental rate is \$400 per day, plus a set-up fee of \$400 per day. The Director is recommending a rental rate increase to \$600 and to retain the set-up fee of \$400 per day. There was a consensus to increase the fee to \$600, and that this item be placed on the Council agenda for a revision to the fee schedule.
4. The Director of Public Works discussed comparables for rubbish bag costs for the surrounding area, and recommended an increase from \$.18 to \$.20 per bag. There was a consensus of Committee to increase the fee, and that this item be placed on the Council agenda for a revision to the fee schedule

Motion by Ketels seconded by Bryant, that the meeting of the Committee-of-the-Whole be adjourned at 9:58 p.m. PASSED UNANIMOUSLY.

Respectfully submitted,

Lisa Kay Hathaway
City Clerk