

MINUTES OF THE MEETING OF THE COMMITTEE-OF-THE-WHOLE OF THE CITY OF GROSSE POINTE WOODS HELD ON MONDAY, JANUARY 29, 2018, IN THE CONFERENCE ROOM OF THE MUNICIPAL BUILDING, 20025 MACK AVENUE, GROSSE POINTE WOODS, MICHIGAN.

PRESENT: Mayor Novitke
Council Members Bryant, Koester, McConaghy, McMullen, Shetler
ABSENT: Granger

ALSO PRESENT: City Administrator Smith
City Attorney Don Berschback
Treasurer/Comptroller Behrens
City Clerk Hathaway

Also in attendance was Steve Duchane, consultant.

Mayor Novitke called the meeting to order at 7:10 p.m.

Motion by Bryant, seconded by Shetler, that the Committee-of-the-Whole excuse Council Member Granger from tonight's meeting.

Motion carried by the following vote:

Yes: Bryant, Koester, McConaghy, McMullen, Novitke, Shetler
No: None
Absent: Granger

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

Motion carried by the following vote:

Yes: Bryant, Koester, McConaghy, McMullen, Novitke, Shetler
No: None
Absent: Granger

The first item on tonight's agenda was **Public Safety Authority**. Mr. Duchane distributed his memo dated January 29, 2018, and provided an overview. He concluded that after careful consideration, he recommended Council consider other alternatives to forming an authority at this time such as a Headlee Override. The Mayor stated that documents identify the amount of funds going to Public Safety and that many of the funds are diverted from other sources to provide public safety services; i.e. from roads and municipal improvements. There was a consensus of the Committee to move forward with a Headlee Override proposal.

The Mayor asked Mr. Duchane what we owe him and he replied \$920.00 is due.

Next, **fiscal forecasting was discussed**. Currently the City is at 13.8974 mills; 6.0126 mills remain. The Mayor stated that fiscal erosion needs to be considered. Originally 4 mills was discussed for 10 years, and although 4 mills is the most palatable there were concerns voiced whether it would be enough to cover immediate needs.

The Treasurer/Comptroller stated the Michigan Tax Tribunal will have an effect on the proposed numbers. She stated that the current taxable value is \$664,164,177; \$664,164 is equal to 1 mill. The taxable value will be set for 2018 at the end of February. She continued to discuss the budget projections. She stated that 3 mills will generate a little less than \$2,000,000 per year, and 4 mills will generate \$2,656,656. She stated the City is currently operating at a structural deficit even with a 34.37% fund balance, which does not include road projects, fully funding the pension, fully funding OPEB, or public safety and public services "needs".

Mr. Duchane stated the City has unfunded liabilities such as pension, and the next wave of costs are going to hit again. Although the City is being well managed, there is a need to make investments in the City and covering costs, the City needs cash flow to operate properly, and a financial plan needs to be vetted properly. He stated a decision is needed to determine what the money will be used for. Expenses are understated. He stated if growth is going to continue at this rate, we need to decide how much to invest and what the fund balance will be. He stated that the fund balance needs to be dissected into how much is undesignated. He stated the best procedure for identifying a proposed millage number is by backing into it while taking into consideration the "needs" list and then deciding on the number after reviewing all of the individual financial plans.

The Mayor stated a "needs" sheet will need to be developed. Following discussion, there was a consensus of the Committee-of-the-Whole to move forward with a Headlee proposal in the amount of 4 mills for a period of 10 years on the November ballot.

Discussion then ensued regarding a **Headlee Override**. The Mayor asked the Committee to review the 2012 public relations piece and come back with comments. He asked the City Administrator to compile a list of budgetary "needs" from administration. The "needs" are necessary projects or assets which needs must be met for which funds cannot continue to be diverted for public safety purposes. The Treasurer/Comptroller and City Administrator were asked to put together additional information, and provide a list of what is needed. Administration was asked to review the public relations information.

Discussion ensued regarding whether a charter amendment creating a specific segmentation in the charter for public safety would be an alternative. The City Administrator, from his experience, cautioned the Council that a charter amendment would lock in a rate for a specific purpose forever. Following discussion, the Mayor queried the Committee whether to go out for Headlee Override or to go for a Charter Amendment. There was a majority consensus to move forward with a Headlee Override.

Discussion ensued regarding millage. At a previous Committee-of-the-Whole, there was a decision made to go out for 4 mills for 10 years. The Treasurer/Comptroller recommended 3.5 mills. Mr. Duchane suggested drafting figures on assumptions including a measure of unfunded liabilities, health care, etc. The Treasurer/Comptroller was asked to provide assumptions on health care if possible. There was a consensus of the Committee to move forward with 4 mills for 10 years. Mr. Duchane briefly discussed the State of Michigan's misappropriated revenue sharing that is not being used for infrastructure as it was intended by the Headlee Amendment. The City Administrator recommended including a sunset in the proposal language (an end date).

The Mayor stated the plan is to update the public relations information, and hold a future town hall meeting with department heads and Council present. The City Attorney was asked to work with Miller Canfield on the wording of the proposal. The City Administrator was asked to obtain from Grosse Pointe Park the method it used in obtaining passage of its Headlee Override.

The Mayor set a date of March 12, 2018, for a Committee-of-the-Whole Meeting at which time the following is to be presented:

1. The City Administrator is to provide a "needs" list from administration (all departments);
2. The Treasurer/Comptroller is to prepare a fiscal forecast at 4 mills including the rationale for the assumptions used for the projections, and expenses (needs) from administration;
3. The City Clerk was asked to assist the City Administrator and Treasurer/Comptroller to prepare the public relations information.

The next item discussed was regarding a **Plant Moran invoice**. The Treasurer/Comptroller provided an overview of the charges identified in Invoice No. 1498895 dated December 21, 2017. This item to be placed on the next Council agenda.

Hearing no objections, the following item was discussed under New Business:

- The Treasurer/Comptroller stated that as a result of recent discussions, the parking meter fund can be used for paving of the parking lots open to the general public even if there are no meters. A written opinion has been received from Pat McGow, Miller Canfield, indicating that using the parking meter fund can be used for certain parking lot improvements open to the general public under the existing ordinance.

Motion by Bryant, seconded by Koester, that the meeting of the Committee-of-the-Whole be adjourned at 9:32 p.m. PASSED UNANIMOUSLY.

Respectfully submitted,

Lisa Kay Hathaway
City Clerk

Robert E. Novitke
Mayor