

MINUTES OF THE MEETING OF THE COMMITTEE-OF-THE-WHOLE OF THE CITY OF GROSSE POINTE WOODS HELD ON MONDAY, FEBRUARY 6, 2017, 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 Smith  
City Attorney Don Berschback  
City Clerk Hathaway

Also in attendance was Mark Lachowicz, Plante Moran

Mayor Novitke called the meeting to order at 6:03 p.m.

Motion by Granger, 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, Ketels, Koester, McConaghy, Novitke, Shetler  
No: None  
Absent: None

Taken out of order, the first item discussed was regarding the **Local Officers Compensation Commission** minutes dated January 18, 2017. The Chair explained that a determination in salary from the Commission can be rejected by the Council with five (5) votes or the Council may do nothing and it becomes effective. Council Member Bryant provided an overview from the meeting stating that the Commission voted to give the Municipal Judge a 20% increase. He stated the position had not received an increase since 2001. The approved salary was an increase from \$30,000 to \$36,000. Discussion ensued including this is bad timing for this increase.

Motion by McConaghy, seconded by Granger, regarding **Local Officers Compensation Commission minutes dated January 18, 2017**, that the Committee-of-the-Whole recommend that City Council reject the determination of the Local Officers Compensation Commission at their meeting held January 18, 2017.

Motion carried by the following vote:

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

Motion by Granger, seconded by Shetler that Local Officers Compensation Commission minutes dated January 18, 2017, be removed from the Committee-of-the-Whole.

Motion carried by the following vote:

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

No: None

Absent: None

The next item on tonight's agenda was regarding **Payroll Tax Withholding**. The Treasurer/Comptroller provided an overview of her memo dated February 1, 2017, stating that wages for income tax and FICA purposes were over-reported in years 2013 through 2015. She stated the following:

- From 2011-2017 tax withholdings were pre-taxed when they should have been post tax, and vice versa.
- From 2011-2015 improper withholdings had an effect on flexible spending accounts (which include two types: dependent care and medical), employee contributions to health care, AFLAC insurance, and retiree health care savings accounts, which has effected income taxes and FICA taxes. ICMA retirement accounts also require corrections. Retiree health care has always been done incorrectly.
- In 2014 only AFLAC and retiree health care accounts were done incorrectly.
- In 2013 Flexible Spending Accounts and active health care were withheld correctly but retiree health care and AFLAC was not withheld correctly.
- In 2015 the retiree health savings accounts and flexible spending accounts were correctly pre-taxed for federal and state, but calculated at post tax for FICA (which is Social Security and Medicare). AFLAC was incorrectly calculated post tax for FICA.

The Chair stated that for tax years 2011 and 2012 the City cannot do anything to make corrections because those years are closed and returns are unable to be amended; only the prior three years can be corrected if paperwork is filed by April 15, 2017. During these two years, only the retiree health savings account was affected.

The Treasurer/Comptroller distributed an Engagement Letter from Plante Moran to provide services that would streamline the process of making corrections. The cost will not to exceed \$10,000.00; billing rates at \$504.00 for Mark Lachowicz and approximately \$200.00 for Zachary Laumer. The Chair stated that Council needs to decide what to do regarding the cost of amended tax returns. Employees will be given 45 days to provide a consent form regarding FICA to the City and then amended W-2's will be provided. Employees may then file amended tax returns.

The Treasurer/Comptroller stated that 46 people were affected. Mr. Lachowicz stated that this situation is where the City has overpaid taxes and refunds will be received. For 2011 and 2012 the cost is estimated at \$6,700.00.

Mr. Lachowicz said overstated taxable income was from a tax and a FICA perspective. To address this correction, Social Security is an employee correction. The City will use the consent of the employee as a basis for a refund of FICA. There will be FICA coming back for the employees and employer; an estimated \$11,000.00 for all three years. For the FICA correction, once amended W-2's are issued, an employee will show a different amount

of benefits reported to state and federal, but there is no obligation for an employee to file for the refund. Revised W-2's will be issued for lower Social Security wages and lower wages that are subject to federal and state income taxes, and it is up to the employees whether to file amended returns. He recommended obtaining data and then make decisions as to how to move forward.

This item to remain on the Committee-of-the-Whole.

The next item discussed was regarding the **Deputy Comptroller Vacancy**. The City Administrator stated a wage increase was slated for the current Deputy Comptroller and due to her resignation, an adjustment to the salary budget for increases discussed at the Committee-of-the-Whole on January 30, 2017, is necessary for the recommendation being presented to the City Council this evening. The City Administrator recommended reducing the overall budget for these increases to \$21,064.11 from \$22,554.88.

A discussion ensued regarding filling the Deputy Comptroller position. The Treasurer/Comptroller provided an overview. The City Clerk distributed a draft classified ad, which was previously reviewed and approved by the Treasurer/Comptroller. The wage was set at \$52,000-60,000, and there was a consensus of the Committee authorizing the ad.

Motion by McConaghy, seconded by Shetler, regarding non-union salary increases, that the Committee-of-the-Whole recommend to the City Council to adopt the salary increases as discussed in the amount totaling \$21,064.11 effective the next pay period.

Motion carried by the following vote:

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

Under New Business New Business:

- The Treasurer/Comptroller provided an overview regarding an invoice received from **Rodwan Consulting Co**, and requested that the City Council approve the invoice in the amount of \$1,200.00 for additional actuarial services rendered in connection with information for reporting purposes pursuant to GASB 68 for City financial statements ending June 30, 2016. This invoice was to be presented to the City Council this evening.

Public Comment:

- Grosse Pointe Woods/Shores Little League representatives requested approval from the City Council who would like to begin fundraising for Ghesquiere Park improvements. The Chair stated plans would need to be discussed at a future Committee-of-the-Whole meeting, but that they were welcome to address the matter under Public Comment at tonight's City Council Meeting.

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Motion by Ketels, seconded by Koester, that the meeting of the Committee-of-the-Whole be adjourned at 7:32 p.m. PASSED UNANIMOUSLY.

Respectfully submitted,

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Lisa Kay Hathaway  
City Clerk

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Robert E. Novitke  
Mayor