

**MINUTES
ST. CLAIR SHORES CITY COUNCIL BUDGET WORKSHOP
SATURDAY, FEBRUARY 12, 2011**

City Council Budget Workshop, held at the St. Clair Shores Country Club, located at 22185 Masonic, St. Clair Shores, Michigan.

Present: Mayor Hison, Council Members Frederick, Rubello, Rubino, Rusie and Walby (Ms. Rusie arrived at 8:13 a.m. and Mr. Walby arrived at 8:39 a.m.)

Absent & Excused: Council Member McFadyen

Also Present: City Manager Hughes, Assistant City Manager Smith, City Clerk Kotowski, City Attorney Ihrie, Mr. Herrington, Plante Moran, Directors Babcock, Esler, Haney, Morehouse, Orlando, Rayes, Walleman, D'Herde, Koto, Dorner, Rheame, Mehl, Fickau, and Jacobson

Call to Order

Mayor Hison called the meeting to order at 8:08 a.m. with a quorum present and noted Mrs. McFadyen asked to be excused from this meeting.

Motion by Frederick, and seconded by Rubello to excuse Mrs. McFadyen from this meeting.

Ayes: All - 6

Mr. Hughes thanked everyone for giving up their Saturday. We are on target to hold the Budget Hearings the second week of May on May 9 – 10, starting at 6:00 p.m. each evening. We started the budget process 4-5 weeks earlier this year and staff has been working on ways to streamline services and costs.

1. Financial Overview FY 2010-2011 and FY 2011-2012 (Dave Herrington - Plante & Moran, Ben Hughes)

Mr. Hughes stated he believes that we can make up the projected \$2.2 million deficit. There are two items that would affect our ability to make up this deficit; Governor Snyder proposing to cut discretionary state revenue sharing to local municipalities and a negative arbitration ruling on the Police Department contract. Positive rulings in these two items can change the projected \$2.2 million deficit.

Mr. Herrington, Plante Moran, started by noting a month ago the projected deficit was \$3 million and now it is down to \$2.2 million. Two big items affecting this projection were the transfer to a Consolidated Dispatch service and the transfer to the local street fund. In meetings he has been attending, the State budget only had constitutional revenue sharing in their budget.

The property/home value decrease of 8% appears to be valid and will have a significant impact on our major revenue sources. The changes that now must be made must be structural and permanent measures, as the housing market rebound will take many years to realize.

Government needs to review its services, their costs, and the benefits of the revenue they generate. It was suggested that a review of all City services be done and that it include if the services cover their costs, are they covered by the general fund and that they be reviewed to determine if they will be maintained.

These type changes will allow the City to maintain a fund balance, as the projection for next year is \$1.6 million deficit. Proposals, structural changes to eliminate \$3.4 million deficit would be outstanding with a goal to reduce the budget by \$4 million within the next 2 years. Health care changes, revenue generation changes, and contract changes can be worked on to meet this deadline.

Mayor Hison emphasized how we have been working on retaining, and growing the rainy day fund in preparation of tougher economic times. It is now raining in the City and State. There will be many things that need to take place in order to retain the fund balance.

1. Financial Overview cont'd.

Mr. Herrington also noted that in an aging municipality, zero in capital expenditures for the next 3 years is projected in the budget, but is not realistic. An older City our size cannot maintain capital items with no capital spending. The City has a solid fund balance, so preservation of some of the rainy day fund and working towards a balanced budget at the right level of services is the right path.

Tax Revenues have been almost permanently reduced and will not return for many, many years. The hope for positive things to occur in the City, County and State and that pension contributions will go down as rates of return rebound from the market crash loses.

In the 1980's, laws were enacted limiting the City's ability to levy only 8 mills for operating without a vote of the people. The passing of Proposal A further impacted the millage rate so the Charter 8 mill has reduced down each year to 6.2987 mills and the City has not attempted a Headlee override vote to roll back to the 8 mills.

Mr. Hughes noted that we are continually seeking ideas from our surrounding municipalities inside and out of Macomb County to see how they are handling these issues.

Mr. Herrington noted that every community has been working on addressing the loss in property tax values. Communities are doing what St. Clair Shores has been doing for many years. They are starting 5 year forecasting. They are not filling positions, consolidation of services, sub contracting out services and closing buildings. Other neighboring municipalities fund balances will run out much sooner than ours will; as most only have 18 months of fund balance. We are in a much better position in 18 months we will still have a fund balance. The City looked at and made changes over the last 5-8 years such as closing pension plans to new hires, no health care for new hires, changes in medical and prescription benefits of current and retired employees, downsized staffing. We will have to continue down this road to balance the budget.

There is upcoming proposed state legislation that if passed, would neuter local governments' options to plan and manage their lost revenue. Close attention and talks with the legislature needs to occur.

Mr. Hughes noted that we are hoping for a favorable ruling in the Police arbitration, but it could have a negative impact as a 5% wage concession for this union is included in the \$2.2 million deficits. Our budget projections included a July 1, 2010 retroactive 5% police wage cuts, which is \$300,000 savings this year, and \$1.2 million over the next 4 years.

Mr. Hughes stated administration has been working on a combination approach, ways to reduce expenses, maintain some services and raising revenues. Staff was directed to conduct a comparables study with 12 communities; 8 in Macomb and 4 Oakland Counties that were comparable sizes and a few townships were included. The survey notes how they funded user fees, how we compare with our fee structure and recommendations from the Department Head which has been included.

2. Police Department (Ben Hughes and Chief Mike Walleman)

Mr. Hughes stated that the millage approved by voters last November mandated that we maintain 90 employees in the Police Department. He has challenged the new Police Chief to find ways to maximize officers on the streets, maintain services, and find other cost savings solutions. There is currently 1 vacancy as a result of a retirement. The Police Records Bureau is currently staffed with: 1 Police Lt, 1 Police Sgt., 1 Police officer, 2 clerical employees. A proposed change would be to remove the officers from the Bureau and hire a qualified records Leader, and additional clerical staff for an annual cost savings of \$174,954.

In addition to staff restructuring, he had directed the Chief to limit minimum manpower. This allows the Chief to operate a shift with less staff therefore, not having to call someone in for overtime. In early January, weekend overtime was eliminated in the Detective Bureau. The Department has changed their investigation of crimes procedure reducing time spent investigating crimes of a lesser nature with little or no possibility of being solved.

2. Police Department cont'd.

Chief Walleman presented a highlight of the Departments accomplishments for calendar year 2010. Chief Walleman continued that when he and the Deputy Chief were promoted, their 2 lieutenant positions were not filled but 2 new patrol officers were hired for a cost saving of \$291,000. Now 2 sergeants who were working under these lieutenants are doing these jobs.

The change with minimum manning has realized a 46% reduction in overtime. What this does is that the manpower in a 24 hr period can reduce the number of officers on the street by 40%. As a whole our department has 36,000 calls per year made up of 33,165 calls from dispatch leaving 25% calls that are self initiated by the officer on duty; such as a DUI. Of these 33,000 calls 75% will not decrease with 40% less officers to respond to these calls. Their time to handle issues and response time will shift us from proactive to reactive police department. You cannot have the same work volume continue with 40% less staffing.

The elimination of overtime for the criminal investigation bureau has shown an immediate rise in these employees' case loads increasing from 45 open cases up to 60 in a short period of time. This resulted in us beginning to triage cases.

Mr. Hughes stated the positions in the Police Department consist of 16 command officers (5 Lt and 11 Sgt.) 65 Patrol Division officers with 1 vacancy and there are a few positions for which a full time officer(s) is assigned to another agency. The City pays for their salary and benefits, which assist in regional crime prevention. As another cost savings measure is that we can remove these 3 officers and return them to City duties solely.

Chief Walleman provided Council with an overview of the 3 agencies we have officers assigned, MATS, COMET and DEA. Macomb Auto Task Squad (MATS) purpose is to investigate chop shops and stolen autos. As such we are a destination City for vehicles to be stolen and taken to a chop shop. The benefits of assigning an officer to this agency are that the City receives \$62,000 to help reimburse the City for this employee's overtime, and salary.

Mayor Hison asked if these officers could be split to that agency for the time we are reimbursed and then working solely in the City for non reimbursable time. Chief Walleman responded it would be inefficient use of the Officers time as they have a criminal investigation work load. They would not be an asset to the Task Force and solving these crimes if they were forced to split their time. The task force would not be in favor of this split time.

Mayor Hison asked if we withdrew our officer from this program would the county and state police step up with more staff participation. If you look at what other municipalities have done; the City of Mt. Clemens contracted their Police services with the Sheriff's department to save money. Chief Walleman was unsure on how they would try to fill the position.

Ms. Rusie noted the reimbursement gap between the average police officer salary of \$105,000 – \$62,000 reimbursed and asked if the benefit received out way the cost not reimbursed.

The County of Macomb Enforcement Team COMET grant is \$20,000 in reimbursement and the City receives a share of the forfeiture recovery. Last year the City's 1/6 share was \$25,040 in forfeiture reimbursement. Participation in this team provides us the jurisdiction to go state and nationwide, in investigations.

The DEA reimbursement is for overtime and our share of drug forfeiture in 2010 was \$105,901. These funds do have restrictions on how/what they can be used for.

Chief Walleman noted examples of DEA funds use outfitting all equipment for these vehicles, training, all K-9 unit costs, licensing vehicles, storage payment for seized property, cost for office equipment, cameras, classes, maintenance for patrol boat, cell phones, and crime stoppers membership to name a few.

2. Police Department cont'd.

Mr. Hughes noted that the only other officer that is a non revenue generating officer is the neighborhood community watch officer. Thinking outside box we could consider removing this officer and reassign the officer to traditional patrol duties. There is value to having this officer, but it needs to be reviewed against the expenses of this officer.

Mr. Rubino asked if there were crime prevention statistics for this officer. Chief Walleman responded 3-4 arrests per year. How many times does someone call in without neighborhood watch on their block?

Chief Walleman stated that it has been a key initiative of his to get Police into neighborhoods, to establish trust with the residents so they help with crime prevention. In St. Clair Shores we have good relationship with our residents and our K-9 group helps with drug crimes, etc. Patrol officers are directed to make at least one public contact each shift with residents and our business community.

Ms. Rusie asked that with 120 Block Captains could they help with security at the parade and fireworks.

Chief Walleman stated that the issue with volunteers in an enforcement capacity. Mr. Ihrie provided a legal opinion that the key issue with neighborhood patrols is when we take on this group we become liable for what they do and their safety. He noted that the most difficult part of the Parade is the staging area; you should utilize the block captains in the staging area and let Police patrol crowds.

Mayor Hison noted that 20 years ago the City had a neighborhood watch program; which did a lot and then it tapered off. Do you see this type of program following this path?

Chief Walleman noted that our Community Policing Officers presence is seen by her efforts on the cable shows, and community communications. What we have seen happen is people get all get fired up, and then we don't have crime on their streets, they lose their enthusiasm and the program involvement decreases.

Mayor Hison stated that the volunteers that help with events should really be Police Reserves, like they are in other communities.

Chief Walleman noted that the City of Eastpointe has one half of the number officers we do; so when they have a big event they physically do not have the number of officers to man those events. Their contract also states they cannot activate their reserves until every police officer is called to duty.

Mr. Hughes noted that we would need union contract language changes to allow reserves.

Mayor Hison noted that the concern is the costs to these special events for overtime costs.

Mr. Hughes noted that they have been meeting with all event planners on the best and most cost effective methods to use Police at their events, while keeping the community safe and trying to keep these costs down.

Mr. Rubello stated he would like a report on the COMET, MATS and DEA Officers costs vs the revenue generations and how the revenue can be used Chief Walleman noted that we currently spend approximately \$100,000 to provide school crossing guards to the 3 public school districts, which enhances our residents and benefits the schools.

Mr. Hughes stated that he will meet with the school superintendents to have the discussion on the districts to assume these costs.

Mr. Walby stated that if we are not required to pay for this expense we should take it out of the budget.

Chief Walleman stated in his reading of the law that the police agency is mandated to train and supervise; and saw no provision on who pays their wages.

2. Police Department cont'd.

Mayor Hison stated that as we consider shared services with school districts, this item needs to be brought to their attention before we make this decision.

The consensus was to have the City Attorney research who is responsible to pay for school crossing guards.

Mr. Frederick asked if the City does not fund crossing guards will we lose use of school buildings and fields.

Chief Walleman noted that when a school crossing guard is requested we call in professional traffic engineers and they determine where the crossing guards are needed and where they are not warranted.

Mr. Hughes noted that 70-75 percent of this budget is spent on personnel. We need to look at having eligible people retire and replace them with lower paid employees. You have asked me to look into early retirement incentives for police, fire, and other areas. It is in the works and will come to you very soon.

Mr. Hughes noted he was asked to look at Proposal 2 which mandates a minimum of 90 personnel in the Police Department and it does not stipulate how they are to be allocated. In order for some cost savings, with the departure of 3-4 officers in retirement; the Charter enables me the authority to assign and structure employees' duties. As the charter allows for changes we could move the Anti-Blight Classifications to the Police Department and 3 retiring officers would not be replaced. It was noted this could be a controversial decision. This would generate a minimum savings of \$86,862 and ultimately the savings of 3 officers' salaries and benefits (\$316,938). The question was raised would this violate Proposal 2 wording.

Mr. Ihrie noted that Prop. 2 required a certain number of personnel and it does not dictate the nature of the personnel. Does it violate the spirit of the proposal possibly; but it did not dictate the nature of the personnel. We do have civilian workers in the Police Department currently. He did not feel we would lose a legal challenge with these changes.

Mr. Hughes noted that in the big picture, these types of changes are allowed for by the Charter; but when major policy changes are enacted he would ask for policy discussion be held by Mayor and Council before these changes occur.

Mr. Walby questioned the estimated savings only being \$86,000; and felt it would be significantly more. Mr. Smith noted that was the net savings of 3 Police Officers not being replaced, and 3 general fund employees transferred to Police. Both groups are general fund budgets and ultimately the savings would be \$317,000.

Mr. Frederick stated he was completely against this change, as he feels it is subverting Prop 2 by making code enforcement part of the Police personnel. That is not what voters approved in November.

Mr. Walby noted administration has to lay out the entire program for us to make a decision and he questioned when all the materials will be presented, so we can make educated decisions.

Chief Walleman stated the Police Dept is understandable of the financial situations of the City and his department and they are working to accomplishing these cost savings and noted balancing these changes while maintaining a premier Police Department is a difficult feat.

Mr. Hughes noted they are also reviewing the City of Center Line's cost recovery ordinance as an option.

3. Fire Department including detailed explanation of vehicle deployment with minimum staffing of 13 versus 11 (Ben Hughes and Chief George Morehouse)

Mr. Hughes noted that the reduction of the minimum manning from 13 down to 11 is the biggest proposed change to generate budget savings. Currently there are 45 firefighters who are divided in to 3 shifts; squad a, b and c with 15 on each squad. This is 15 staff on any shift scheduled to work a 24 hour shift. We can operate with 13 if 2 do not show up for work for whatever reason without overtime. Once we drop below 13 overtime occurs currently. As the stations are staffed 4 south, 4 north and 5 central stations.

If we operate with equipment distributed where it has been at Central, the last contract had minimum manpower of 13. This contract has equipment manned with 2 people assigned to equipment and if there is another manned piece of equipment in the garage; otherwise it is 3 people on that piece of equipment.

Since we have been running the 3rd ambulance, we have had the ambulances located at the Central Station. Because of change in the contract language, if we go back to each station manned with 2 per ambulance, 2 per engine at each station and 1 on the rescue vehicle, if we leave the 3rd ambulance out of service as back up only, there would be less revenue generated.

It was noted that minimum staffing of 11 cannot do what 13 can do at a fire and if we take an ambulance out of service we have lost revenue and possibly slower response times. Getting equipment to the scene can still be accomplished with 11 minimum staffing by allocating 4 at North, 4 at South and 3 at Central Fire.

Chief Morehouse noted that the thing everyone has to understand is our operations are not black and white on a day to day basis. We must operate under NIMBS. We have to work to that end to maintain those standards for the safety of everyone. With that there is some training needed for the Mayor, Mayor Pro Tem and City Clerk required post September 11th. Without these people trained we will not be able to apply for certain grants. The training involves the time of these officials and the cost for training has been covered by the County obtaining grants to offset the training presentation costs.

Chief Morehouse continued by explaining the Fire Scene requirements and noted that even with 13 firefighters on duty; we still need automatic aid to staff a fire scene.

Fire scene requirements: Incident Command (1), Rapid Intervention Team (2), Safety Officer (1), Water Supply Team (2-4), Search and Rescue (2-4), Extinguishment (2), Ventilation (2), Salvage and Overhaul (2) EMS and Rehab. (2) = 16 to staff a fire.

So if we do the numbers 13 is the minimum needed to combine a few jobs but 15 is ideal and then that leaves no staff available to handle any other call so you are in an automatic aid situation.

Mayor Hison noted even with 13 or 15 on duty that day it would take the entire shift to staff a fire leaving no one in any stations to field another call; this is why we are in automatic aid agreements with neighboring municipalities. We have been discussing 13 versus 11 staffing in many meetings and there is no way to see the impact without a 30-60 day trial period. He felt it was time for a trial period to evaluate this to see if there is value or no value of this recommendation.

Mr. Smith noted that if there was only one firefighter who was able to respond for a call for service at that moment, they would have automatic aid response called in. The Cities of Roseville have 11 staffing and

Eastpointe and Center Line have fewer on staff.

Chief Morehouse stated we can supplement staff with automatic aid when necessary but we do not want to be put in same situation as Harper Woods and losing our mutual aid agreements.

Mr. Rubello stated we have been talking about this minimum manning for over a year now. Has anything been done to address the overtime issue vs. safety issue? He questioned why we can't fix this problem with contract changes.

3. Fire Department cont'd.

Mr. Smith noted we have more flexibility by going down to 11 as this leaves the most equipment available for use.

Chief Morehouse noted this department has no control daily on what we will be called to respond to each day/shift so there is no static number staff any shift. It is a moving target we have no control on what we will be called to respond on. So we cannot give a static number.

It was noted that everyone is paramedic. If we make the change to 11 and equipment location changes we maximize our coverage.

It was noted that most of the Municipalities in Macomb County cannot staff a fire on their own; they need automatic aid. The only possible exceptions were Warren, Sterling Heights and Clinton Township.

Mr. Rubino asked if we go down to 11 minimum manning will we have to rely on mutual aid more often with other municipalities downsizing as well.

Chief Morehouse noted that an increase response time will occur as we have to go farther out for mutual aid response. Mutual aid was developed for use when incidents exceed a municipality's ability to respond. If we go to 11 minimum manning we will be relying more often on mutual aid.

Mr. Smith responded that if we go to 11, our response would be equal to or greater than most of Macomb County Communities, with only 3 communities with more; Sterling Heights, Warren and Clinton Township.

Chief Morehouse noted that by reducing our numbers we may not be able to provide automatic aid or mutual response to other communities as readily as in the past.

With the proposed change to 11 minimum staffing, all the apparatus stay in service with 4 at north and south each, and 3 at central.

Mr. Hughes noted a 60 day trial would place the results around the first week of May for budget hearings; which are scheduled for May 9th and 10th.

It was noted that if during this 60 day trial if a large fire were to occur that 11 staff would not be enough, nor would 13 be enough to handle a large fire.

Mayor Hison stated that trying to decide on safety and manpower we need some statistics results to allow us to make a valid evaluation. Trying this change in staffing levels in March and April will provide some necessary data to see if this will work in our City.

Mr. Frederick stated he was adamantly against going down to 11 minimum manning as it is a reduction of services, and our residents spoke on maintaining services at 13 last November when they approved the millage.

Council was asked for a consensus on whether they were in favor or not of a 60 day trial period of minimum staffing of 11 at the Fire Department. The following responses were noted: Yes to a trial period were Mayor Hison, Council Members Walby, and Rusie. No to Trial Period was Frederick. Mr. Rubino was not ready to make a decision yet, and Mr. Rubello indicated he wanted to discuss this with Mr. Rubino first.

The question raised was, does this have to be a council decision or is it administration decision. Mr. Ihrle responded it was an administrative decision.

Mr. Hughes responded that he asked for Council input as he recognizes the importance of this issue to everyone.

3. Fire Department cont'd.

Mr. Rubino stated he had questions on a couple incidents that have happened and wanted to obtain input on what happened first.

Settling the Fire Union contract negotiations prior to making these decisions was an important key.

Mayor Hison noted that between March 1 – April 30, gives council time to think about these issues and he encouraged them to communicate their opinions to the City Manager and then council be advised if a consensus is then reached.

Mr. Frederick noted they may not have to make changes if in negotiations they find ways to save overtime money with contract concessions and be able to maintain 13 minimum staffing to maintain their safe work environment.

Mr. Hughes acknowledged that with a member missing today, to let him know your position by March 1st so it could be placed on the upcoming agenda.

4. Parks & Recreation (Ben Hughes and Greg Esler, Parks & Recreation Director)

Mr. Hughes noted that in the materials presented there are comparative fee schedules and department functions with other municipalities. There is also a memo from Mr. Dorner regarding the different scenarios of the golf course closing in winter months.

Mr. Esler provided an overview of each of Parks and Recreation Department divisions and their solutions and recommendations. He noted the staff here is the finest around with multiple talents. In last 10 years, they have lost 8 ½ positions and have 11 full time employees for 8 divisions. In the last City Survey conducted in 2000, the third biggest reason noted that people live in St. Clair Shores are the lake access, nearness to freeways and Parks and Recreation Services.

He added that in 2012 the Arena bond will be paid for. With the help of good maintenance programs we will have great opportunities. We have privatized lawn maintenance, and in doing so eliminated 6 temporary employees. By taking over the grounds maintenance we have been able to enhance park areas.

They will be presenting revenue generating ideas such as Park pass for business owners at \$25, working with Eastpointe (who runs the Chapoton boat ramp this year) that they may not staff it this year and the possibility of allowing non-resident use of for an additional fee.

The Department assets are in good operating shape as the irrigation system is new, golf cart storage facility is good for 20 years, the pool was remarkited, and the arena compressors are good for 5 years. No question that quality of life is a big issue for residents. The baseball associations were advised that they are required to at least break even.

Mr. Hughes noted that they have prepared innovative ideas for council to review, as this department has a significant role in generating revenue for the City. They have highlighted how other communities operate and what fees they charge for comparisons. Do you shift your Parks and Recreation Department to be a more user fee department is a philosophical argument. We have two significant assets that are resident only and by lifting that restriction additional revenues could be generated.

Our abutting neighbors like Eastpointe are considering disbanding their parks and recreation department and contracting those services with Roseville. We will be listening to those discussions and possibly propose some options to gain added revenues.

Ms. Rusie asked if we are already user fee based as there is \$1.8 million supplemented. Mr. Esler responded that they charge for all programs.

4. Parks & Recreation cont'd.

The Senior Center is projected to cost approximately \$400,000 in fiscal year 2011-12, with approximately \$180,000 of this budget funded with CDBG money. A significant reduction in programs and hours of operations would allow us to reallocate the \$180,000 to CDBG to other general expenses.

Eliminated food program at Senior Center would save approximately \$20,000. If you look at the \$20,000 revenue vs. the programs expenditures they are running at a deficit.

Ms. Rusie noted we have an aging population and would not like to see significant cuts to senior center. At the Parks and Recreation Master Plan public hearing seniors are asking for more services not less.

Mr. Smith noted that the spread sheet of cuts is all the options for review and we are not recommending all but providing all the "what if" scenarios.

Mayor Hison noted the Senior Center was based to run on block grant money and not to be operated out of the general fund.

It was noted it costs \$400,000 to run this center with \$135,000 from CDBG and funds from SMART, and fees to balance this budget.

Mayor Hison noted that the Federal Government in dealing with balancing their budget and is looking to eliminating these grants. We need this \$1 million CDBG funding to help our seniors and if we were to reprogram these funds to pay for a portion of staff salaries (an allowable use) I am not sure if we will have the same support for this continuation of this grant.

5. Community Development and Inspection (Ben Hughes and Chris Rayes, CDI Director)

Mr. Hughes noted that this department has provided a comparative study with 12 communities. Also included is an explanatory memo on complete privatization of inspection services. A major staff change was Mr. Babcock's position remaining vacant. Some of these duties will be done by AEW and a fee structure was included in this packet and it is consistent with recent contract bid.

Mr. Rayes noted in last 13 years this department has lost 9 full time employees. All inspection services except the one Construction inspector will be contracted out as retirements occur this year.

We have approximately \$350,000 in CDBG funds from a total CDBG budget of approximately \$1.1 million dedicated to a street project. Five of this department's staff are paid for by CDBG funding.

It is possible to eliminate some of the 2011-12 street maintenance and reallocated some of this \$350,000 to general funds expenses such as DPW, and Parks and Recreation salaries.

Mr. Rayes noted that he was working on bid specifications for the contracting of the Rental Program. The current inspection contract with PMI will expire next year and this existing contract does not have an escape clause. He has the option on bidding out the rental program or negotiating a fee with PMI for the rental inspections this year and then bid out the entire programs next year.

Mayor Hison asked if contracting out these services reduced the service to residents.

Mr. Rayes noted that residents are informed that inspection days are Monday and Wednesday and occasionally they will come back on Friday if necessary. He did not know if this is sustainable option as the market comes back.

In fee review it was noted that there is a certain baseline to go to for fees, if we institute excessive fees more people will not pull the permits and our concern is that the work is not done safely and then real hazards exist. Then we create a burden on excessive fire calls.

5. Community Development and Inspection cont'd.

Mayor Hison noted our fee levels are the lowest level of all 12 communities.

Mr. Rayes noted we have tried to keep our fees in the middle of the pack. In the future we may not get a contractor who will work for our fee schedule.

Mr. Hughes noted as compared to rapidly growing municipalities we are on the low side of fees. We realize there is a philosophical opinion on what taxes pay for. When Plante Moran noted this department's expenses exceed revenues we noted they needed review along with the rest of the departments.

Council was reminded that as a government we are allowed to collect the fees to cover the costs of the services to break even.

Mr. Rubino asked how do you determine if the costs such as the snow shoveling fine are on target or too high.

Mr. Rayes noted their baseline cost is 10 employees vs. revenues; so if we need 5 employees for permits divided by the revenues generated.

With the Snow Sidewalk Program, we bid out the program and every event they drive 212 miles several times each event. We charge the contractors bid amount plus the administration fee. The fee is based on costs providing it is not set too low so the City becomes the resident snow shoveling vendor.

There is a value and service provided to residents which includes the safety of the public and reason for need for inspections.

Mr. Hughes confirmed that before we come with a budget and quantify the staff and supply costs we do cost calculations like the ZBA fee set last year was based on costs of an application for the mailings, staff time and advertisement in the newspaper.

Mr. Hughes we will be meeting on how we transition with the Chief Building Officials retirement, and trying to keep expenses with contractors lower, but there may be inconvenience to customers not obtaining all inspections done on one day.

6. Department of Public Works (Ben Hughes and Bryan Babcock, DPW Director)

Mr. Hughes noted that a significant portion of the Department of Public Works funding is from non general funds funding sources.

Mr. Babcock noted that this department is funded by the utility fund, Act 51 fund (State gas taxes), Vehicle Rentals, Streets with 21,000 from the general fund this fiscal year; which will increase to \$540,000 to cover a capital improvement project from on 13 Mile Road from the City Limits to Greater Mack.

He noted that their department staff has decreased by 13 since 2000, and noted that there are 2 pending retirements this year. This department has been successful in getting more done than in the past with capital technology uses.

Unfortunately the Federal mandates placed on this department do not stop and this year the Street Sign Federal Requirements start implementation. We will need reflective stops signs and all street signs must be converted in to upper and lower case sign lettering and signs must be reflective.

Mayor Hison noted we have a beautiful sign shop that is now vacant and every 8-10 years signs have to be replaced as they lose reflectivity.

6. Department of Public Works cont'd.

Mayor Hison noted that the City of Detroit yesterday, under pressure, created a new 7 member regulating body effective as of April 1, 2011. It will be composed of 4 Detroit Members, and one each from Wayne, Oakland Macomb Counties. It will take a super majority to make a change.

7. Other Miscellaneous Departmental Discussions/Questions

Mr. Hughes asked if there were any questions on the departments survey comparable fees provided, and there were none.

8. SEMCOG Study (Ben Hughes)

Mr. Hughes advised Council that he has begun working with SEMCOG and MML Consultants. Mr. David Border from SEMCOG will be coming to city to analyze financial condition. They provide you with benchmarks comparison population based, with numbers of employees and they provide a survey mechanism. Our annual dues pay for these services. As we obtain these benchmarks we will forward them to you.

Mr. Herrington, Plante Moran noted in his summary, the \$4 million structural deficit has no single item to fix it. We have been fiscally responsible and are at the point where we have to look at what services we want to address, and what revenue sources to be reviewed, and at what point will residents not use the services because the fees are too high.

Listing of options for consideration is dedicated millages for services as other municipalities have done, doing surveys to ask residents do you want these services continued, and cutting staff/services to balance the budget.

We are seeing other municipalities are bleeding into their rainy day fund balances. They are then raising revenues and asking for millages; or if millage votes fail they are cutting services.

Ms. Rusie noted that in reviewing last November's millages that passed, if they were not tied to police and fire they did not pass. Perhaps these millages should go to fund these services in entirety.

Mr. Herrington noted that if you go to the residents and ask for money, and they say no, they need to know upfront the ramification if it does not pass. There is a correlation to millage and what it guarantees. What doesn't pass in economically challenged communities is what they are not willing to pay for.

It was noted that \$4 million will go to fund general employees' pensions in fiscal year 2012.

Mayor Hison noted in 1983 residents voted in an 8 mill limitation. The only thing we have not done is go back to voters to roll our mills back up to that 8 mill limit.

Mr. Walby asked for a consolidation of the proposed fee increases into significantly fewer pages.

The next budget workshop meeting will be in March with a date to be determined.

Mr. Rubello asked for consideration of the consolidation of departments internally and with other communities to be reviewed and if our insurance could be consolidated with the school districts. .

Administration will be bringing back information on early retirements, shifting Code Enforcement to the Police Department, Fire Fighter minimum staffing at 11, overlapping duties and services within departments.

9. Audience Participation

Fred Jacobson, St. Clair Shores resident, suggested looking at the option of 2 year budgeting, garbage collections every other week, shutting off every other street light, creation of a city income tax, and fire fighters to work 8 hours shifts.

10. Adjournment

Mayor Hison adjourned the meeting at 11:50 a.m.

(THE PRECEDING MINUTES ARE A SYNOPSIS OF A CITY COUNCIL MEETING AND DO NOT REPRESENT A VERBATIM RECORD.)

ROBERT A. HISON
Mayor

MARY A. KOTOWSKI
City Clerk