

**MINUTES
ST. CLAIR SHORES CITY COUNCIL BUDGET STUDY MEETING
MONDAY, MAY 9, 2011**

City Council Budget Study Meeting, held in the Council Chambers, located at 27600 Jefferson Circle Dr., St. Clair Shores, Michigan.

Present: Mayor Hison, Council Members Frederick, Rubello, Rubino, Rusie and Walby (arrived at 6:05 p.m.)

Absent & Excused: Council Member McFadyen

Also Present: City Manager Hughes, City Clerk Kotowski, Directors Babcock, Bowlin, Demski, D'Herde, Haney, Koto, Morehouse, Rayes, Schwanger, Walleman and City Attorney Ihrle

CALL TO ORDER, ROLL CALL AND PLEDGE OF ALLEGIANCE

Mayor Hison called the meeting to order at 6:00 p.m. Ms. Kotowski, City Clerk, called the roll with a quorum present and noted that Ms. McFadyen asked to be excused and Mr. Walby would be around fifteen minutes late. The Pledge of Allegiance was recited by those in attendance.

Motion by Frederick, seconded by Rusie to excuse Ms. McFadyen from tonight's meeting.

Ayes: All – 6
Absent: McFadyen

Mayor Hison noted that these meetings are televised and tomorrow's budget meeting will start at 6:00 p.m. as well. Directors of each department are asked to present their budget and Council can ask questions and discuss their budgets. Workshops were held recently to assist the directors in creating a balanced budget.

Mr. Hughes said that there are two consecutive evening meetings and a good effort would be put into staying on schedule. He listed the departments that would be discussed tonight, as follows: General Fund Revenues, Court, Police & DLEF, Fire, Community Services, DPW Administration, Sanitation, Water, Sanitary Sewer, Storm Sewer, Water & Sewer Rates, Motor Pool, Streets and Council. He listed the departments that would be discussed tomorrow night, as follows: Library & Information Services, Parks & Recreation Administration, Recreation, Arena, Parks, Senior Activity Center, Recreation Revenue System, Pool, Boating, Golf, Assessing, City Attorney, City Clerk/Elections, City Manager, Finance, General Government, Boards & Commissions, Information Systems, Building Maintenance, Corporate Insurance, Special Revenue Funds and Debt.

Mr. Walby arrived at 6:05 p.m.

Mr. Hughes explained that Council would vote on the proposed budget in four weeks. It has been a challenging year. A structural deficit of \$2.2 million has been reduced to \$1.1 million due to the guidance of Council and the hard work of staff. Council and Administration asked Mr. Rayes to review all projects to see if they were closed out or if they were almost ready to being closed out.

Mr. Hughes said Council, Administration, and the Fire Department worked together on having the third ambulance run all year next fiscal year. He explained that this budget has just over \$100,000 increase in revenues that is mostly generated from user fee increases. Overall, the budget includes \$43.7 million in expenses to operate this government starting July 1, 2011. The City faces the challenge of decreased revenue since the taxable value has decreased approximately 9%.

Mr. Hughes discussed some recent changes that affected the budget, but are not reflected in the budget, such as, the adoption of the fire contract, staff changes in the Assessing Department, the golf manager announced her retirement. This budget includes the reductions from the previous budget, such as, the reduction in staff in the Community Services Department, Chief Building Official, Engineering Assistant and the Clerk's Office, the Deputy City Clerk.

Mr. Hughes noted that in 2002, there were 318 full time employees and in this budget, there are 249 full time employees today. He said that they would continue to look for efficient ways to cut the budget. Whatever vote is taken at the June 6 Council meeting will be implemented the next day. He commended staff for working hard and thinking outside the box.

GENERAL FUND REVENUES

Mr. Haney discussed the 9% reduction in taxable value that will reduce the budgeted revenues by \$314,080. To be conservative, the statutory revenue sharing from the State was removed from the budget.

Mayor Hison noted that a meeting with the Governor's Staff was held recently to discuss revenue sharing. The State is requiring each municipality to put a plan together to demonstrate their accomplishments. The State was informed that the City's fiscal budget starts July 1 and it would be a full quarter before the State makes an announcement. The City is "ahead of the curve" and we will put together a plan of what we have accomplished, because there is a possibility that we may get some of these dollars back.

Mr. Hughes said it was a valuable meeting and we made a point to have a recognized strategic plan. The Federal government's budget year starts October 1 and we have approximately \$1.1 million coming from the Federal government in CDBG funding allocation. We are aware that there could be some changes involving the CDBG funding allocation.

Mayor Hison asked how the CDBG dollars are affecting this budget. He asked if the budget is being prepared with that number in it. He mentioned that funds are proposed to be cut 65% to 70%.

Mr. Rayes said the number that is in the proposed budget is the best knowledge available from the Federal government.

Mr. Hughes said that Administration did their best to put a number in place, but that number is not guaranteed.

Mayor Hison asked if there is a special meeting coming up for TIFA (Tax Increment Finance Authority). He would like to ask what would be the increase revenue to the City if TIFA expired in 2012, so we could measure the dollars to know what it is. He mentioned that there was reduction to the contribution from TIFA.

Mr. Haney stated that TIFA agreed to their administration fee paid to the City as a one time increase only, this is the reason for the lower amount \$170,000 to the City.

Mayor Hison noted the reduction in the sidewalk charges. He said it appears that the program is less expensive now because it has gone through a full cycle.

COURT

Mr. Hughes said that once Council allocates the final bottom line, the court would then allocate the budgeted amount.

Ms. Povich stated that there was a reduction in part time positions that would lower the expenses by \$18,000 from what is stated in this budget. The court is now down to one part time position. They have contracted our Congressional Representative for help with security building grant of over \$70,000, which would reduce the court's budget.

Chief Judge Fratarcangeli said the same problems arise year after year, such as keeping a handle on cost and collecting on people that owe. A security system is being implemented. We have been able to find an inexpensive solution for the security system. The court hired a retired police officer and they implemented a metal detector to secure the entrance and to check people entering the court. This security system prevents people from bringing weapons into court and provides safety to employees and everyone that comes into the building. The court is making headway, and will keep Council informed.

Mayor Hison said that he hopes the grant issue will get us some support. He asked Ms. Povich to confirm that there are no increases to the court department wages and the department is being reduced by two part time employees.

Ms. Povich said that is correct, there will be no wage increases and the department is being reduced by two part time employees.

Chief Judge Fratarcangeli discussed that the court is going through some tough financial times right now and the court building is in desperate need of repairs. He said they have done a great deal of organizing. In these fiscal times, he doesn't feel that it would be feasible to put up a new building. He thinks that it would be in the best interest to do all the necessary repairs. He expressed that the court does more than only housing criminals; the majority of the issues handled at the court are issues that residents have. He mentioned that there are issues with the close proximity of the criminals at court and the people who are at the court for civil cases.

COURT (Cont'd)

Mr. Hughes explained that the building was constructed in 1937 and 1938. In the 1980's a "shell" was put over the building. A committee will look into what needs to be done at the court and will present the recommendations to Council. The surcharge that was collected by the court has been put into an accrued escrow account and currently has \$1.7 million in the account.

Mayor Hison said it is a wise decision to look into having the repairs done at the court building since labor rates and materials are cheaper right now.

Ms. Povich stated that she appreciates the fact that Chief Judge Fratarcangeli mentioned that the court mostly handles civil issues. She discussed that in 2004, there were 1940 civil cases, and in 2010, there were 2903 civil cases. When residents have civil issues, it requires more work and it requires them to come back numerous times to the court.

Mr. Rubello said he understands the concern with the close proximity of criminals and residents. He asked for more details on the court collections.

Ms. Povich said they have fewer staff and have approximately 125 to 130 garnishments. She is sending two members of her staff for training on garnishment and she is hoping the number of collections increase.

Mr. Walby asked Mr. Povich if the increase to the temporary worker section in the budget is due to hiring the security guard. He asked if the \$18,000 in reduced expenses is reflected in the budget.

Ms. Povich said that the increase to the temporary worker section in the budget is due to hiring the security guard and the \$18,000 in reduced expenses is not reflected in the budget.

Ms. Rusie asked if the budget reflects the actual increase and Ms. Povich stated that it conservatively reflects an actual increase.

Mayor Hison noted that in every department there is an increase in fringes. The number is just under \$1 million.

Mr. Haney explained that the increase in fringes is due to the General Employees' Pension System. That system is closed now because no new employees are paying into it, and the first few years when a system closes are more costly.

Mayor Hison commented that as the years go on that number will be reduced significantly.

POLICE & DLEF

Mr. Hughes explained that this budget was printed in April and this budget reduces the total number in the Police Department by 11. It went from 101 to 90 because of 11 dispatchers moving to SERESA. There was a 5% wage decrease and the operating expenses decreased from \$12.4 million to just under \$12.2 million. The number of patrol officers decreased from 65 to 64. The dispatch cost in the budget is shown as a service fee for SERESA.

Chief Walleman and Deputy Chief Bowlin discussed the police and DLEF budget. Chief Walleman commented that this was the first budget that he and Deputy Bowlin put together. The majority of the budget is based on fees, expenses and maintenance contracts, which didn't leave a large area for reductions. The largest portion of the budget is personnel. The passing of proposal two solidified the personnel number. He said that one lieutenant position and one sergeant position were eliminated. One patrol officer's position will be transferred to the detective bureau and that records bureau position would be replaced with a civilian. He said they have re-organized, reduced the number of vehicles from seven to five, and have made significant reductions in overtime. Various aspects in overtime are controllable and others are not.

Mayor Hison said last years budget reflected the 5% wage reduction, but the wage reduction did not occur until now. The 5% wage reduction has been arbitrated to a specific month. He noted that the wages are not increasing, and that we have to offset budget this year.

Ms. Rusie mentioned that this budget reflects paying for crossing guards. She thinks that the City should ask the school districts to pay for the crossing guards. She asked if any of the other suggestions from the Budget Workshops were included.

POLICE & DLEF (Cont'd)

Mr. Hughes noted the Neighborhood Watch Officer will remain, so will the COMET, DEA and MAPS in this proposed budget.

Mr. Hughes informed Council that discussions have been held about the school districts paying for the crossing guards, but no changes would occur this budget year.

Ms. Rusie suggested discontinuing the neighborhood watch program. She mentioned that discussion was held on removing police officers from the Federal programs, but this budget reflects that these officers are still in Federal programs.

Mr. Hughes confirmed that three police officers are currently in these programs in this budget.

Chief Walleman informed Council that the City receives a percentage of drug forfeitures. The City receives grants and dollars for having the three officers in Federal programs.

Ms. Rusie said the only talk that is being implemented is moving the officer from the records bureau to the detective department, filling the position in the records bureau position with a civilian, and changing the name from records bureau to operational department.

Mr. Rubino commented that MDOT (Michigan Department of Transportation) sent a notice to the City informing us that we would be taking on more responsibility on the portion of the expressway that is in the City.

Chief Walleman confirmed that the State would give out whatever area is left after they take their portion. There would be some amount of revenues. It is a zero tolerance area because of the construction zone and there has been excessive speeds going through, which is why MDOT asked for assistance.

Mr. Hughes said he spoke with MDOT on how to reclaim a portion of the revenues and he will report to Council with an answer.

Mr. Rubino asked if an increase or decrease is expected in the level of service to the residents by the changes in the records bureau department.

Chief Walleman said it depends on the type of employee that is hired in that department. He said Mr. Hughes and Mr. Smith are being deliberate when making the decision to hire someone. He explained that it is a very important position that requires a high quality employee.

Mr. Walby wanted to clarify that Council has given the Police Department the authority to hire an individual that fits their needs and Mr. Hughes replied yes. There is no time frame to get the right person.

Mr. Rubello asked Chief Walleman to explain the importance of MATS, COMET and canine unit. He mentioned that there are two canine units right now and one dog will be retiring.

Chief Walleman gave an example of an arrest that took place recently on the south side of the City. A group of individuals was suspected in a shooting in Detroit. This group was also drug trafficking in a house on the south side of the City. Search warrants were drafted and arrests were made. The canine unit was used. The canine unit is one of the most important and beneficial ways to fight crime. He confirmed that there are two canine units right now and one dog will be retiring his fall.

Mr. Hughes asked Chief Walleman about the purchase of a new canine and training with DLEF funds.

Chief Walleman explained that the canine units, training, veterinary bills, and food, are totally funded by the drug forfeiture funds.

Mayor Hison questioned the increases in vehicle rentals.

Mr. Haney noted that Motor Pool rentals have been reviewed this year to reflect actual costs.

Chief Walleman said one Charger and two Tahoes would be purchased.

Mr. Hughes explained that there are some aspects of this budget that are funded by contributions by more than one

POLICE & DLEF (Cont'd)

department that utilizes it. There isn't an exact science to attributing a vehicles usage.

Mayor Hison asked if the Police Department is still operating the boat.

Chief Walleman said the Police Department operates the boat utilizing a Stone Garden Grant offered by Homeland Security.

The grant money can be used for very specific purchases, such as homeland security and waterways.

Deputy Chief Bowlin commented that the boat is similar to what the Coast Guard uses. He said a great deal of surveillance is gathered.

Mr. Hughes noted that the overtime budgeted is \$481,657 and a total of \$651,759. He worked with Chief Walleman and is comfortable with this number.

Mayor Hison asked about the overtime that is involved with the MDOT project.

Mr. Hughes said there will be an increase in overtime for that, an increase in revenue that offsets it and the net will be zero.

Chief Walleman explained that the Police Department is busier in the summer months from April 15 to October 15. They have eliminated the summer minimums and for the rest of the year as well. There is concern that some nights they might not have enough officers on the streets to manage the streets as in the past. He gave an example of a fight that occurred at Pepperbottoms bar and all the night shift officers responded, then there was a fight at the Coyote Station. St. Clair Shores has a mutual aid agreement with surrounding cities, so Roseville Police Department was called to step in until our officers were freed up to go to the Coyote Station.

Mayor Hison stated that we are going to have to monitor and measure this issue along the way. He stated that the City is going to continue to have the most present police and the message should be out for anyone who wants to come into the community. Times are tough and we are going to be tough.

Chief Walleman said he has given his shift commanders the authority to increase numbers as when they feel it is needed.

Mr. Frederick asked how there won't be a reduction in service without having the minimums.

Chief Walleman said the workload would be increased. The Police Department has fewer officers this year than last, but they are being more organized in how to handle it. He said that they would prioritize everything and it may take longer to handle the things on the bottom of the list. If anything changes, they will advise Council.

Mr. Rubello asked what types of things would be on the bottom of the list.

Chief Walleman noted a couple things that would be on the bottom of the list, such as a barking dog complaint or a parking complaint. Officers are used to determining what is and isn't a priority. It's a challenge, but the Police Department has quality employees and he thinks they can rise to the challenge.

Mr. Rubino asked about switching to twelve-hour shifts.

Chief Walleman said switching to twelve-hour shifts was being discussed, but it is difficult for a department to do that especially with the upcoming changes.

Mr. Hughes said the twelve-hour shifts are still being researched. He is looking at other Police Departments that have made the changes and they are looking at costs. One thing found from research, is that twelve-hour shifts reduce the number of full time staff.

Mr. Rubino said if reducing manpower allows a department to keep the same services, then keeping the same amount of manpower must increase services.

Chief Walleman explained that it keeps your minimum manpower down. The City of Roseville worked it out as a year trial and if it doesn't work out, then they go back to the old way.

POLICE & DLEF (Cont'd)

Mayor Hison asked where the DLEF (Drug Law Enforcement Funds) are available within the reserve funds. He asked if we could utilize some of those funds for officers for equipment and for things directly related to fighting drug crime.

Chief Walleman said the Emergency Response Team, the canine units, and the offsite storage for seized property is totally funded by the DLEF. It is also used for the installation of radios, cameras, cell phones, equipment and license plates for the undercover vehicles. The specific wording within the guidelines is that these funds must be used for the Police Department to enhance its ability to fight drug crimes.

Mayor Hison noted that Macomb County utilized the funds for vehicles for the Police Department.

Mr. Hughes explained that there are two "pots of money", one is governed by the State and one is governed by the Federal government. The State is far more restrictive than the Federal. He is committed, as well as Chief Walleman and Deputy Bowlin, to talking to the State government about using as much money as possible.

FIRE

Mr. Hughes mentioned that a new union contract was just agreed on. He said the overtime budgeted at \$450,000 can be reduced to \$350,000.

Fire Chief Morehouse said based on the acceptance of the contract last Monday, there would be personnel that need additional training to fill the positions adequately. It's necessary to have the extra amount in there because we will have overtime because of the training.

Mayor Hison discussed the agreement to increase of no greater than, but up to 10%. The increase is \$33,000, which is greater than 10%.

Mr. Rubino asked if this number is enough to cover the training costs.

Mr. Haney said he has not read the contract, but his understanding is that on the job injuries and training resulting in overtime is not included in the overtime budgeted at \$317,000.

Mr. Walby asked if they are going to clarify this for Council tomorrow. Mr. Hughes said yes.

Mr. Hughes mentioned a proposal to purchase a fourth ambulance. The ambulance will allow us to have a backup while running three ambulances to generate \$160,000 in new revenues.

Fire Chief Morehouse said the Fire Department has been successfully running three ambulances, but the more these three vehicles are run, the more likely there is a chance they will break down. He said they need to make sure they can always provide the services. The purchase of a fourth ambulance would allow for a backup during repairs.

Mr. Haney discussed that in both the Police Department and the Fire Department there are employees that go through wage steps in the first five years or longer. In the budget, we take an average of what the numbers are going to be, which is how personnel costs are created.

Mayor Hison asked about the increase to fringes. He asked if the new contract changes the fringes. He would like to see a number in place of where we are moving forward.

Mr. Hughes said new hires are still in the defined benefit plan.

Mr. Walby asked if the \$1.1 million includes the overtime and if there will be a reduction in this amount. Mr. Haney replied yes.

Fire Chief Morehouse mentioned that five employees were hired in this current year as well as him and there could be possible retirements soon. Based on the numbers and data of running the third ambulance, the third ambulance is accruing revenue.

Mr. Walby asked for clarification on the numbers that include overtime; will it be a total of \$317,000 or \$350,000 and if injuries and training are included in this amount.

FIRE (Cont'd)

Mr. Hughes explained that there's a provision in the contract that accounts for one ongoing injury, but does not account for more than that.

Mayor Hison explained that the fourth ambulance is needed because the system cannot be sustained on running three ambulances and having one break down.

Mr. Rubello asked about how many of our runs are going to the other cities and at what point do the other cities buy a new ambulance themselves so that they can capture the revenue.

Fire Chief Morehouse said that we are responding to Roseville and Eastpointe more often because we have the third ambulance. One of the cities has had a decrease in their revenue because of our ability to respond. The percentage of calls outside the City is within the 10% to 15% range. The fourth ambulance was scheduled to be purchased in a year.

Mr. Frederick asked if we are moving the purchase time up so that we could capture more revenue. He stated that the overtime last year was not correctly budgeted at \$45,000, which is why it had to come before Council numerous times, so he is glad to see a better number proposed. He is glad that a contract was agreed upon between the City and Firefighters.

Mr. Hughes mentioned that there is a chance that the fourth ambulance we purchase would be purchased as a replacement ambulance because we are continuously running all three ambulances right now.

Fire Chief Morehouse confirmed this would be a possibility because all the ambulances will be running and there will be no relief. He said we are saving a substantial amount of money by purchasing a refurbished ambulance.

COMMUNITY SERVICES

Mr. Hughes mentioned that this department originally had fourteen full time positions and was reduced by three full time positions; the building official, the assistant engineer, and the electrical inspector.

Mr. Rayes explained that there was a decrease of \$43,000 in total staff costs, which reduced the total department's budget by 7%. He said the permits are up 1% and the block grant budget is down 16%. The work completed by the electrical inspector and building official have been contracted out, which has been successful thus far.

Mayor Hison asked if contracting these services out has caused a decrease in the level of service to our residents. He mentioned that one resident was upset that they couldn't schedule an electrical inspection and plumbing inspection on the same day.

Mr. Rayes said there were a couple of "hiccups" that occurred that have since been worked out.

Mr. Walby asked if something changed because in the past we had rental income as part of revenue.

Mr. Haney clarified that the amount was removed from the budget because he looked into it and it couldn't be supported.

Mr. Rubello mentioned that the projected numbers for the residential building permits, commercial building permits, industrial building permits, building licenses, planning cases and zoning cases have all increased and some increased substantially. He asked how the increase to the fight on blight would be handled. He mentioned the sidewalk hardship program had only fifteen residents apply for a hardship, which totaled \$7,900.

Mr. Rayes explained that the permit numbers might be a little high, but he left the numbers in the budget. He said that every year the department assesses blight; we are down to one employee and we bring in a second temporary when necessary.

Mayor Hison noted that in the summer there are three employees due to the CDBG funds. Mr. Rayes confirmed that the City does have three employees in the summer.

Mr. Rubello asked if the H.AVE program is beneficial and if it is being monitored.

Mr. Rayes clarified that the City put the program together to help the businesses, but never intended to run it. The

COMMUNITY SERVICES (Cont'd)

City continues to nurture the program, but it is a business run program.

Mr. Hughes said he is concerned that not enough businesses are involved with the program. He stated that in some ways it has been somewhat stagnant.

Mr. Walby asked about not seeing a transfer for the rat program.

Mr. Haney explained that we charge the sanitation department instead of a transfer.

DPW ADMINISTRATION

Mr. Hughes mentioned that a significant portion of the Public Works Department is the Water and Sewer Departments crossovers between these departments.

SANITATION

Mr. Hughes discussed that the sanitation trust fund has accrued over the years. We have looked at innovative ways to help fund other funds.

Mr. Babcock said there are three employees in the sanitation department, a supervisor, a street sweeper, and a laborer.

Mayor Hison noted that the sanitary trust fund was created to be utilized to fund lawsuits regarding the landfills. We need to pursue before we can use the funds before adopting this budget.

Mayor Hison mentioned that the overtime rates last year were \$17.93 and this current budget are \$34.80. He also mentioned that the vehicle rentals went down to \$4,100 from \$9,600.

Mr. Haney said the \$17.93 in the current budget is not correct. Mr. Hughes continued that there would be an update tomorrow.

WATER

Mr. Babcock stated that the Water Department consists of fourteen employees (ten laborers and three clerical positions). The Water Department services 36,000 customers and there was 251 water main breaks.

Mr. Babcock said that the Ten Mile water main tank is working due to the hard work of Mr. Schwanger.

Mr. Schwanger discussed how he has worked on the water tank and it is running through cycles and pumping water. He said that overall, it has been running good.

Mr. Babcock continued that water would be pumped into the tank at night (when the water rates are better) and then distributed to the residents during the day.

Mayor Hison explained that because we have this tank, our rates are not as high as they would have been. He asked about the new meters that have been installed at homes.

Mr. Babcock discussed that two or three years ago, new style water meters were installed in 400 homes to make it easier to read. A hand unit could be placed close to the water meter and it would display the readings. This was a pilot project that we found was not doing exactly what we thought and has since been switched out.

Mr. Rubino asked if the City could still read the outside meters after the new meters were installed. Mr. Babcock clarified that the meters cannot be read on the outside, but from the inside. He said they are hoping to get back to the leak program. A current employee is very good and knowledgeable about the leak program and wishes to get back into leak detection.

Discussion was held on how the water main breaks are discovered or if there is anything that could be done to prevent water main breaks. Mr. Babcock explained that staff pays attention to what they hear and see when maintaining the hydrants and valves and if they hear or see something that is not working right they fix it.

SANITARY SEWER

Mr. Babcock said there are seven laborers in the sanitary sewer that oversee over two hundred miles of sanitary sewers. This team monitors the system and pump station daily in addition to being proactive and working with the contractors for the clean water initiative.

Mayor Hison discussed that the City has old sewer systems that are fifty to seventy years old. The breaks are not going to get any better except for in areas that we put the new lines in.

Mr. Hughes mentioned the GPS system that was discussed three to four years ago has not been fully implemented. The City purchased some equipment, but not all the equipment necessary to complete the job. He said administration would like to look into fully implementing the full GPS system, but because of the economic times, he does not wish to move this further.

Mr. Babcock said that the GPS system is a service agreement and the City currently owns twenty-seven GPS systems that are operated monthly. He said we are on our second round of televising sanitary sewers and we are still finding problems that weren't there ten years ago. It is recommended to televise every eight years.

Mr. Hughes said that he is not aware of a single complaint from basement flooding.

Mayor Hison said that basement flooding could be due to the property owner's line backing up. He said that many lines are made of brick from years ago that need to be cleaned and maintained.

Mr. Babcock said the streets that backup are mostly due to leaves in the streets and not the sewer system.

STORM SEWER

Mr. Hughes mentioned that there is no staff to this budget and this budget largely goes to infrastructure.

Mayor Hison asked if it is a requirement that we keep \$350,000 for PCB monitoring in the budget since the City has been designated for superfund by the government.

Mr. Babcock said that the City pays a contractor for monthly monitoring, for data the contractor receives and for the contractor to assist residents with questions. He said that we pay out of this fund, but are reimbursed from the Department of Environmental Quality.

Mr. Walby asked if the fund was reduced, could the money be put back into the general fund. Mr. Hughes said he would look into it.

Mayor Hison asked about the catch basin and concrete replacement.

Mr. Haney stated the budget reflects a carryover to the current budget.

WATER & SEWER RATES

Mr. Haney discussed that the City is anticipating a 16% loss in water. The population has dropped and the City of Detroit has raised the rates. He said he is hoping to have the final numbers on sanitary sewer costs by June 6, 2011. Mr. Haney noted that there was little to no change for the storm water rates.

Mr. Rubello asked how the 10 Mile water tank "plays" into this.

Mr. Babcock said that the data would be collected in July and August and would need to prove to the City of Detroit that there should be a reduction in the rates and next year the City of Detroit would adjust the rates.

Mayor Hison added that the City's contract with the City of Detroit has a way of reducing the rates because of the times of usage.

MOTOR POOL

Mr. Hughes said there are two full time employees and last year there were three full time employees. The majority of the budget is based on supplies.

MOTOR POOL (Cont'd)

Mr. Babcock noted that the vehicles and equipment is listed under accomplishments. The two employees are very good because they get the vehicles up and running quickly.

Mr. Hughes added that this department is putting out a high level of work.

Mayor Hison asked if enough was allocated for the cost of operations, supplies, gasoline and diesel since the price has increased significantly.

Mr. Hughes stated that he is concerned that this may be under budgeted because of the increase in gas this summer.

Mr. Babcock discussed that he is proposing to replace two vehicles and purchasing new ones. He said the \$250,000 is for replacing a dump truck and a backhoe used for excavating the sewers and repairing the sewers. The vehicles that would be replaced are used on a daily basis.

STREETS

Mr. Hughes said there were seven full time employees and now there are five full time employees in this budget. The last budget had \$9.9 million in expenses and the proposed budget has \$6.6 million in expenses.

Mr. Rubello asked about the goals and objective section and about replacing all the signs.

Mr. Babcock explained that it's a goal to replace all the signs in the City, but it needs to be done because it is a Federal mandate that requires all Cities to have all regulatory signs replaced by 2015 and all street signs replaced by 2018.

Mr. Hughes said that the City had a full time sign technician that retired in 2010. It cost approximately \$80,000 to employ the full time sign technician. The Federal government is mandating all Cities to make this change because of visibility reasons. It is an unfunded mandate, meaning that the Federal government is requiring us to do it, but is not going to give us money to do it.

Mr. Babcock said the \$30,000 in this budget is for the materials and cost of the signs and the \$50,000 in this budget is for a private company to make the signs. He explained that Federal money comes to the City for other areas and the Federal government could withhold other money if we don't do what is required.

Mayor Hison commented that we have a number of streets that are in line for projects this year using the CDBG money, which could be affected.

Mr. Rayes listed the streets that are in line for repair or replacement, such as, Culver, Avalon, Lawndale, Taylor, Marks Court, Boston, Blossom Heath, etc.

Mayor Hison noted that Harper and Little Mack are being completed by the County. He asked why we are increasing salt in the proposed budget year.

Mr. Haney responded that in the 2010 budget year, the City had a surplus of salt, which cut our cost in the current budget year. He said the City would be bidding it out on MITN.

Mr. Hughes added that we had a harsh winter. The budget that reflected today does not allocate money to change the way we do residential streets.

Mayor Hison said a study session would need to be held to discuss clearing the residential streets.

Mr. Hughes said if we keep the snow policy the same, we would continue to look for efficiencies.

Mr. Walby said he is not happy with the snow plowing that was done this winter. He stated that he can't understand why we did not allocate money for snow removal, but we did allocate money for signs. He mentioned that we could outsource the sign replacement.

Mayor Hison said we can ask our congressman about the sign replacement mandate.

STREETS (Cont'd)

Mr. Babcock said that over the next year, we have to start replacing signs. The government wants an inventory of the signs and 80% of the signs must be replaced by a certain time. He said that he would look into the cost of our employees doing the work versus outsourcing.

Mr. Hughes said that research needs to be done. He noted that temporary wages was added to this budget to inventory signs this summer then to evaluate what signs need to be replaced first. The City is looking into working with the City of Roseville to manufacture the signs.

Mr. Babcock said he obtained free software to help with this inventory. We are using the technology that we have and it is saving us a lot of money.

Mr. Frederick asked when this bill was passed. Mr. Babcock said that he became aware of it this year. He will find out the exact date and give the information to Council. He suggested that the City offer up the old signs for people to bid on to raise money.

COUNCIL

Mr. Hughes noted that there was a reduction from \$89,000 to \$84,000.

It was discussed that the wages of an elected position could not be changed without the approval of the Election Commission Board.

AUDIENCE PARTICIPATION

Joe Backus, St. Clair Shores resident, said he wishes Council would continue to stretch the rainy day fund. He said the library got him through high school and college, so he understands the importance of it. He thinks that the City could cut the hours of the library since the new generation doesn't use the library as often as they use the internet for research. He asked Council about how much they are paid per hour when it is broken down.

ADJOURNMENT

Motion by Walby, seconded by Rubino to adjourn the meeting at 9:49 p.m.

Ayes: All – 6
Absent: McFadyen

(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