

**MINUTES
ST. CLAIR SHORES CITY COUNCIL BUDGET STUDY MEETING
TUESDAY, MAY 10, 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

Absent & Excused: Council Member McFadyen

Also Present: City Manager Hughes, Assistant City Manager Smith, City Clerk Kotowski, Directors Corless, Esler, Fickau, Haney, Orlando, Rheaume 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 and a quorum was present. It was noted that Ms. McFadyen asked to be excused. The Pledge of Allegiance was recited by all.

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

Ayes: All – 6
Absent: McFadyen

Mayor Hison announced the candidates for the City Primary Election as follows: Mayor – Karla Anderson, Nathan Kaczmarek, Candice Rusie, and Kip Walby; Council – Karla Anderson, Patrick Biange, John Burtch, Henry Castro, Jack Downey, Ronald Frederick, Chuck Hall, Randy Rose, Chantel Ticconi, Anthony Tiseo, and Chris Vitale. The withdrawal deadline is Friday, May 13, 2011 at 4:00 p.m.

Mr. Hughes answered the following questions:

1. Question regarding TIFA's debt payment – the final one-time debt payment will be made in the FY 2012. If it was the desire to dissolve TIFA, that would result in a one-time payment of \$612,000.
2. Question regarding the difference in the sanitation fund overtime – the proposed 2011-2012 budget is correct; there was a typographical error in this year's budget.
3. Question regarding street signs compliance – the federal ruling has a deadline for sign inventory to be created by January 2012 and money was accordingly budgeted for that. The replacement of signs is due by January 2015.
4. Question regarding the recommended \$350,000 overtime for the Fire Department – the contract between the City and the bargaining union that was recently approved provided \$318,000 in OT. \$350,000 was proposed, in case OT exceeds that amount due to retirements, injuries or other catastrophes. However, administration supports reducing the number to \$318,000 (rounding of \$317,250) and if something comes up, money would have to be adjusted through a budget amendment.
5. Question related to the Storm Sewer, PCB Monitoring line item – the amount is a carryover from the previous budget. It was transferred in error and the amount will be changed to \$0. As a result, the storm sewer rate will be reduced.

LIBRARY & INFORMATION SERVICES

This budget is funded by its own designated millage. Due to the decreasing taxable values, revenues are down \$356,000 and therefore, expenses had to be further reduced. Part time hours have been reduced, which means that the children librarian and the internet attendant are not on duty all the time, the library material is not re-shelved within 24 hours, fewer staff is available for assistance and longer check out lines. The book inventory will be significantly reduced; up-to-date resources and special collections will be impacted. In the past, the Library has purchased ten databases for residents to access from home or the Library. The proposed budget has eliminated these online subscriptions.

Ms. Orlando noted that as the economy goes down and revenues decrease, the Library demand increases. They have seen the highest circulation numbers since 1990.

PARKS & RECREATION ADMINISTRATION

Mr. Esler stated in 2010, the temporary help was reduced to \$80,000. In the proposed budget, the temporary help is further reduced to \$62,000 and the staff remains exactly the same.

RECREATION

It was noted that this account does not have any full time employees; it includes the sport groups, Playground Program and Special Needs Program. Expenses have been decreased by \$20,000. The baseball groups now pay for their umpires. The account does not use any General Fund dollars; it is solely funded by user fees.

Mr. Esler announced the upcoming Special Needs fundraiser, Coney for Kids, May 12, 2011 between 4:00 p.m. and 8:00 p.m. at the Civic Arena.

ARENA

It was explained that the transfer for this account is for the debt service payment; this is the final payment. The Arena continues to bring in more revenue than expenses without the use of General Fund dollars.

The building is in great shape and the Arena is one of the assets of the City. The lighting system has been recently replaced with energy efficient lights. The facility has seen a decrease in usage; however, the Detroit Edison's rates have increased.

PARKS

Mr. Esler stated that the park crew is down to two full time employees (there were five in FY 2010). This is the third consecutive year that the budget shows no capital and the temporary help has been reduced. In July 2011, the department will start a program called "Adopt a Park" to raise additional funds.

Questions were raised regarding Phase 3 improvements at the Veterans Memorial Park. Mr. Esler responded that they've secured funds and are looking for additional donations for a bocce ball court, horseshoe pits, grand pavilion and a turnaround at the front of the park.

It was discussed that the beach house at Blossom Heath Park needs new paint.

Ms. Rusie inquired if the secured funds can be used to improve existing bocce ball courts.

The current budget reflects a \$24,000 increase in the motor pool rentals. The item has been brought back into the proposed budget.

SENIOR ACTIVITY CENTER

Mr. Esler stated there are four SMART busses running Monday through Friday and two running on Saturday (Shop the Shores program). The Senior Center has the only meal program made from scratch and has recently taken on additional responsibilities, such as tax preparation, meals on wheels and snow removal assistance.

Ms. Fickau stated there are approximately 17,500 meals served each year. Interest in the center has increased every year. She announced an upcoming fundraiser for the meal program, August 12, 2011 at the Lakeview High School. Mr. Smith noted that under the USDA standards, the meal program can not charge a set fee. This is a program that struggles with the economy, and encouraged support.

Discussion took place regarding possible reductions to the block grant money used to run this facility. The SCOTS board is aware of this and they are actively fundraising to meet these challenges.

Mr. Rubello discussed the meals on wheels delivery to Leisure Manor. Mr. Hughes has been in communication with the Housing Commission to find a solution to provide meals for the Leisure Manor. Mayor Hison clarified that Leisure Manor is a federal agency and reports to HUD, not to the City.

It was noted that the strength trainer at the fitness center will lose his job on June 30, 2011. His position was funded by surplus grant money which has been exhausted. The department is in the process of reviewing possibilities to raise \$16,000 to keep the trainer.

RECREATION REVENUE SYSTEM

Mr. Esler stated the boating revenue is down. The temporary help was cut at the pool and the Golf Course. The Golf Course Office Manager has been approached for an early retirement, and her last day is May 13, 2011. The position will be filled with a part time employee without benefits, saving \$48,000.

Mr. Esler noted that they've done everything possible to attract business to the two marinas. It is an industry that is greatly affected by the current economy.

The 9 Mile boat ramp will be run by St. Clair Shores. Eastpointe's Parks and Recreation is in jeopardy and St. Clair Shores will start their five year cycle one year earlier. The expenses, with the addition of \$10,000 for a gate guard, will be offset by revenue.

It was noted that the outstanding bond is maturing in 2016.

POOL

The pool is a great amenity for families, students and seniors. Expenses have been cut \$22,000 and attendance has increased. The pool is also a big attraction to the Special Needs and Playground Programs and to the boaters that purchase a boat well from one of the City's marinas.

Mayor Hison stated that the pool was installed as an amenity for the residents, and not for profit. He suggested elaborating on the effects a second pool at Blossom Heath would have on our pool.

BOATING

Dredging at the Lac Ste. Clair Marina is complete and the boaters will have easy access into the marina. In the past few years, the canal did not need to be dredged and the corresponding allocation was removed from the budget. The current budget will need to be amended to reflect the \$50,000 cost of dredging. It was proposed adding \$50,000 for dredging in the next FY budget just in case it is required again. Mr. Walby suggested removing the \$50,000 and using the contingency account (\$215,000) which has been created for unexpected occurrences, such as the need to dredge.

Currently, the occupancy at Lac Ste. Clair is 48% and 64% at Blossom Heath. Transient wells are also available to rent.

GOLF

Temporary help is down \$9,300, but the overall budget increased by \$10,000 due to an increase in fringe benefits from the early retirement. It was noted that Mr. Dorner was instrumental in obtaining granite tee markers at no cost to the Golf Course. Golf trend is up according to an increase in golf equipment purchases.

Mayor Hison noted that the Golf Course is another great amenity servicing residents and surrounding communities.

ASSESSING

Mr. Hughes introduced the new City Assessor, Teri Socia. She has been working in the Assessing Department as a Level III Assessor. She just accepted the position, so an update to the proposed budget is forthcoming.

It was noted that the mandate for a Level IV Assessor has been removed and that the State is enforcing their appraisal requirement of 20% property stock each year.

The only change to the current budget is bringing in a temporary employee and the contract Assessor. These expenses have not exceeded the budgeted cost of a full time Assessor.

CITY ATTORNEY

Mr. Hughes stated that general attorney services are entirely contracted out. The only difference is the reduction for a labor attorney due to arbitration and early labor contracts negotiations.

Mr. Ihrie noted that over the past several years, he has had more contact with the residents and staff. He added that the City's health legality is excellent.

CITY CLERK/ELECTIONS

It was noted that the Deputy City Clerk position has been left vacant and replaced with a part time employee. Overall, the budget is down 4%. The Clerk's Office budget fluctuates depending on the number of elections. The proposed budget includes funding for three elections. The department was able to cut down expenses by using the MITN bid system and delaying ordinance supplements. The Clerk's Office received free voting booths and will participate in the Electronic Poll Book grant program.

CITY MANAGER

Mr. Hughes stated the budget remains unchanged. The \$6,000 increase reflects the increase in fringe benefits. This department receives revenue from other accounts, such as Streets, Sanitation, etc., to reflect the work completed for those groups. The reduction in the training programs is due to lack of time to attend classes.

FINANCE

Mr. Haney noted the real increase in the budget is for fringe benefits. The new controller was hired under a defined contribution plan, reflecting a \$15,000 in savings. In addition, the proposed budget has a carryover of \$11,000 in capital for the time and attendance system for items that have not been billed for yet. The time and attendance has paid for itself by eliminating one position in the Finance Department and keeping accurate records.

Discussion took place regarding hiring a centralized purchasing agent for the entire City. Although the efficiencies of a centralized purchasing agent are grand, it is difficult funding for another position with the current financial challenges. The new controller has background in purchasing and he will assume a greater role of purchasing.

GENERAL GOVERNMENT

Every year, employees are surveyed regarding their plans to retire or cash out accumulated time. According to the recent survey, the payout line item has greatly increased. Mr. Smith noted that one of the cost associated with encouraging people to retire early, is the increase in expenses. For the Police and Fire Departments, these expenses are charged to the 345 millage.

It was noted that no funds are allocated towards OPEB. Mr. Smith stated St. Clair Shores is one of the few cities who have funded OPEB. This is a liability that will always appear on the books; however, with full insurance of our retirees, the liability is reduced. Dave Harrington, City's financial advisor, noted that we are one of his last communities to remove OPEB from the budget.

Question was raised whether this liability could affect the City's bond rating. Mr. Haney responded that the bond rating is still very strong and we are competing with municipalities that are in the same, if not worse, financial condition.

BOARDS & COMMISSIONS

Mrs. D'Herde stated the Communications Department will retain the two employees, the Communication Technician and the Communications Director, and will continue to participate in two very successful programs: the volunteer training program for the Communication commissioners and unpaid internships from local high schools and colleges.

The proposed budget reflects a decrease in overtime by shifting the technician's starting time on the day of a Council meeting. A T1 line is necessary for the AT&T Uverse Signal and additional dollars were allocated to the City Calendar to reflect increases in postage.

Mr. Smith noted that this budget has several human resources related accounts, such as actuarial services, CDL testing and employee physicals and psychological tests.

Mayor Hison thanked all the volunteers in the City and added that only with the help of over 250 volunteers, the City is where it is today.

INFORMATION SYSTEMS

Mr. Corless stated that the department has two full time employees servicing 10 departments in 13 buildings, 230 active computers and the entire network. Discussion took place regarding the reduction in maintenance and software.

INFORMATION SYSTEMS cont'd

Mr. Corless discussed the five year plan for the Information Systems: new servers, email archive system, continuation of the replacement PC program and incorporating new technologies on the City's website. The replacement program has been pushed back because of the budget difficulties.

BUILDING MAINTENANCE

The three individuals making up the department maintain all of the City buildings, the lights on Nautical Mile, and the parks. There is no capital in the proposed budget; most buildings do not have any roof issues, except Blossom Heath.

Mr. Smith stated the Honeywell issue has been reviewed again, the report done by the last consultant appeared to be inaccurate, and a new report is forthcoming with a hopeful solution.

It was discussed that the building maintenance work on the Nautical Mile is reimbursed by TIFA through their monthly administrative fee.

CORPORATE INSURANCE

Mr. Haney stated the insurance went out for bid again this year and the results are now being reviewed. He added that reserves have been carried over every year for insurance. This year the carryover was removed from the budget, and whatever is not spent from the budgeted reserve will be carried over.

The MMRMA has announced that the excess distribution will be made earlier to the City.

SPECIAL REVENUE FUNDS & DEBT

The Special Revenue Funds are as follows: Sanitation, Family Rental Program, Library Penal, Library State Aid, DLEF, Economic Development and Court Building. The proposed budget reflects a capital item for the Information Systems, as they provide work for the entire City including these programs.

Mr. Walby inquired about the Activities and the Carnival funds. Those two are not special funds, and they can be located on page 1a. The committees are all under Special Activities, but they are in the process of breaking up the Parade Committee, Activities Committee and Cool City Committee into separate accounts.

The only new debt service is for water and streets; the numbers are estimated as the City is in the process of obtaining authorization to issue this debt.

The Milk River, Irrigation at the Golf Course and Little Mack bonds are due in 2013-2014. This would release approximately \$700,000 from debt services.

It was noted that SMART holds the SMART funds and they pay for the vehicles.

Mr. Hughes complimented past and current leaders of the City for being terrific stewards of public debt. Mr. Walby agreed that saving money and cutting debt at the same time is a great accomplishment of this City.

Mr. Hughes thanked everyone for their participation in preparing the FY 2012 budget.

ANY OTHER BUSINESS – none

PUBLIC PARTICIPATION – none

ADJOURNMENT

Motion by Walby, seconded by Rubino to adjourn the meeting at 8:54 p.m.

Ayes: All – 6
Absent: McFadyen

Approved 7/18/11

(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