

**MINUTES  
ST. CLAIR SHORES CITY COUNCIL WORKSHOP  
FEBRUARY 6, 2021**

City Council Workshop Meeting was held at the St. Clair Shores Country Club Golf Course, 22185 Masonic Blvd., St. Clair Shores, Michigan.

Present: Mayor Kip C. Walby, Council Members Peter Accica, John Caron, Ronald Frederick, David Rubello, Candice Rusie and Chris Vitale

Also Present: City Manager Matthew Coppler, Assistant City Manager William Gambill, City Clerk Mary Kotowski, CDI Director Christopher Rayes, Controller Renae Warnke, Finance Director Laura Stowell, Parks & Recreation Director Henry Bowman and City Attorney Robert Ihrle

**CALL TO ORDER AND ROLL CALL**

Mayor Walby called the meeting to order at 8:01 a.m., and there was a quorum present.

**1. STORMWATER UTILITY OPTIONS**

Mr. Coppler noted that when these materials were put together, they left out the annual operating costs each year such as personnel costs for repairs, electrical costs and concrete repairs around the pump stations. This annual cost estimate is between \$920,000 to \$950,000. The City has been re-evaluating the means by which stormwater charges are determined, either as a component of the sewer usages fees in the combined areas, applied to each of the storm water drain drainage districts, or to offset expenses related to operating the City's own stormwater systems. The report focuses on the engineering rationale for determining the methodology to determine each parcel of land's stormwater contribution so the costs can be equitably distributed to the users of the system(s).

As the City works through recommendation options to apply these charges, they are reviewing options as a Chapter 20 District or a Special Assessment District, or a new ordinance, or the City General fund to pay the \$3 million cost. Items that come into play for these options are right-of-way run off areas for the County and State that the City would not be able to charge to those entities.

The Public Works Commission of Macomb County is not in favor of the Chapter 20 District option for these costs.

Mr. Ihrle suggested having the court note that the way we bill these charges is valid. As well, there is the option to put this tax increase on the ballot and let resident decide. Property owners would be taxed based on the value of their property and not their water use. To put this on the water billing as a separate line item would be acceptable under BOLT litigations. We can charge for stormwater fees but the lawsuit noted we could not charge using the methodology we were using.

Mr. Coppler noted that Mr. Colainne is still completing his research on the Stormwater Utility Cost spread options and we hope to have information to Council in the next two weeks as well as a plan of action ready for July 1<sup>st</sup> to start collecting these costs.

The options will include the ability to track when someone installs a driveway utilizing stormwater map tracking so residents would be able to see what they are being charged for a new concrete patio or a rain garden.

**2. BUDGETED CAPITAL PURCHASES (FY 2021 FOLLOW-UP AND FY 2022 PROPOSED)**

Continuing our discussion from the October Saturday work session, we have updated the financial overviews and provided more context to the requested capital purchases from departments to be made a part of the FY 2021 Budget. Due to COVID and a lot of unknowns regarding the economy and the State budget, we placed the General Fund Capital purchase requests in the Contingency Account and put off the decision to go forward.

In January, the State held its latest revenue consensus meeting and provided an update to their revenue projections for this budget year. Based on their numbers, and three more months of actual receipts, we have updated the financial analysis for the General Fund. The new Constitutional Sales Tax estimates for the City are projected to be \$5,407,071. We budgeted only \$4,777,103. If these estimates hold on, we stand to receive \$629,968 more from the State than budgeted. Additionally, the City did receive reimbursement from the State from Federal COVID funding that has

**Agenda Item 2 cont'd.**

increased revenue for FY 2021 by over \$1.7 million at the present time and we should be receiving another \$691,000 from the County.

The areas of concern back in October are still areas of concern today:

1. Will the economy continue to recover or will there be another setback? This will have a definite impact on the sales tax collections. According to the State, sales tax collections are ahead of past records when it comes to car sales but behind in other areas. No definitive trend has been established but the State is optimistic about their revenue estimates.
2. Court Fees will most likely not reach the budgeted amount. We are trending about 40% to 50% off in the number of tickets being written by the Police Department. This is a good indicator that revenues will be substantially down. We are probably looking at a reduction in this revenue in the range of \$400,000 to \$600,000.
3. Recreation revenue is projected to be less than estimated. In many areas, these reductions in revenue would also mean a reduction in costs. We finished the year strong in a number of our programs and unless there is another shutdown, we should continue to see better than last year numbers in our winter and spring programs. However, we don't know what will happen over the last several months of this fiscal year.

Mr. Coppler noted he was still optimistic about where we will end this current fiscal year. Based upon his review, he thinks we should end the year in the black even without the COVID money we have received from the State. Because of this, he would recommend we start the process of reviewing the capital expenditures that we placed in the Contingency line item in anticipation of approving a budget amendment to move these projects forward.

Council will provide the City Manager with any objections to the delayed capital purchases by the 2/16/2021 meeting.

**3. PURCHASING POLICY (FOLLOW-UP)**

The City's purchasing policy has not been updated since 2002 following a change to the City's Charter related to purchasing authorization and limits. Following the discussion at the October 2020 Saturday Work Session, recommendations for a more comprehensive approach were requested.

The elements of the proposed changes are:

1. Provide departments the ability to make purchases up to \$5,000 without seeking three verbal quotes. Still stressing that they make an informed purchase to try and get the best cost for the City.
2. Increased amount that would require Council authorization/bids from \$10,000 to \$15,000. This was based upon analyzing the inflationary impacts of spending \$10,000 in 2002, the last time this was amended.
3. Based upon #2, allow for purchases to be made between the amounts of \$5,000 to \$15,000 with three written quotes.
4. Increase the amount for professional services to be engaged from a cap of \$10,000 to \$15,000 before needing approval of City Council.
5. Make changes to allow for the amending of Purchase Orders rather than having to cancel and resubmit just for a dollar amount change.

These changes and the changes being made with the City's financial software will create a streamlined purchasing process allowing the City to respond faster to issues that need goods or services that fall in this cost range.

These changes and changes to AR-11 will be placed on the February 16<sup>th</sup> Council meeting for formal action by City Council. It was noted that consistency in capitalization of the "c" in City and Council throughout the ordinance be reflected as well.

#### **4. PARK IMPROVEMENTS (FOLLOW-UP)**

There is currently money available in the foreclosed properties account that potentially can be used for park improvements to Blossom Heath Park, Veterans Memorial Park, Kyte Monroe Park, Frederick Park, Gaffke Park, Kaufman Park, Brys Park, Chippewa Fields, Alexander Park, Lac Sainte Clair Park and at Civic Arena.

There was discussion on Alexander Park security concerns directed to pursue changes to the court order which would allow the City to lock the park at dusk noting in the request this will aid in the prevention of vandalism of the new park equipment to be installed. Consider use of a magnetic lock which would lock the gate at dusk like other City parks.

Park follow-up items: 1. Provide alternative options for repair of the existing message board sign at Kyte Monroe Park instead of a new sign; 2. Mr. Bowman will research the Disc Golf Park operations in the County and the operations of the Disc Golf Leagues at Brys Park regarding improvement options and maintenance; and 3. Provide Council with additional information on safety options of open versus closed slide replacement at Lac Sainte Clair Park.

#### **5. SALTING OF SIDE STREETS**

Mr. Coppler explained the ability to expand our salting into the neighborhoods for all intersections and the ability to plow and scrape the side streets and salt the cross-street intersections as we work our way around the City.

It takes DPW eight hours to salt the main roads and the fire and bus routes before they would be able to salt the residential street intersections. Consideration was given to whether they should wait until their next regular shift or end up working 20-hour shifts, noting if a snow emergency is called, we will be plowing those intersections.

The consensus was to salt the residential cross street intersections and make available on the website an informational map for residents on the salting of residential street intersections.

#### **6. SUCCESSION PLANNING FOR CDI DIRECTOR AND CITY CLERK**

CDI Director – Mr. Rayes is nearing his retirement date and is anticipating separating employment from the City in January of 2022. The position of CDI Director is very important to the City due to the many areas touched by the director. While we believe the recruitment will go smoothly and we will be able to hire an individual with the appropriate background and skill sets, that person will need some time to acclimate to the role and responsibilities unique to St. Clair Shores. Normally we would time the start date of the new employee about a month before the Director retires. However, that would put the new director in the middle of several annual processes (budget, design/bidding of projects, etc.) and that would put us at a disadvantage without having a lot of knowledge of the City.

Mr. Coppler proposed placing sufficient funding in the FY 2022 budget that will allow us to hire and start Mr. Rayes' replacement in July of 2021. Assuming we can begin recruiting ASAP and get the new person starting in July, the new director will have nearly six months of time with Mr. Rayes to be brought up to speed on the role and responsibilities. Additionally, the new director will go through one construction season with Mr. Rayes, which he believes will be very beneficial for the new director and for the City.

Mr. Rayes is scheduled to make \$111,650.50 starting 07/01/2021. Assuming we start his replacement at the 85% level, we would be paying the new director at \$94,902.93. The overlap of six months will cost us an additional \$47,451 in wages and approximately \$18,000 in fringe benefits, for a total of \$65,451. The replacement would need a construction season prior to his retirement so there is a need to start recruitment in March and to make sure there is money in the budget.

City Clerk – The succession plan for the City Clerk is as much about providing needed back-up and support of existing operations of the Clerk's Office and Elections as it is finding a replacement for the City Clerk. Ms. Kotowski is able to retire at any point that she desires, but has not expressed an interest to do so. Unlike the CDI Director, we don't have a definitive date that we need someone hired to be Ms. Kotowski's replacement. However, in reviewing operations of the City Clerk's Office (especially during the last election) it is apparent that having a Deputy City Clerk, properly trained and certified for elections and issuance of public documents, will enhance our abilities to provide the level of service the public desires, and provide for continuity of operations should Ms. Kotowski be out for an extended period of time or decide to retire.

What is being proposed is placing this position in the FY 2022 budget and having a start date in the first quarter of the fiscal year (or third quarter of this calendar year). We would propose the wage range for this position be \$66,002 to \$77,650. This pay range would be similar to other Deputy positions in the PEA Union wage scale as well as competitive with Deputy City Clerk positions in other cities in the Macomb, Wayne, and Oakland counties. Wage with benefits costs for the first year would range from \$96,002 to \$107,650 depending where in the range the position is slotted to start.

**Agenda Item 6 cont'd.**

Proceed with CDI Director and Deputy City Clerk positions in the 2022 budget, start the advertising process by March and send Council a copy of the CDI Director job description.

**7. CONTRACT EXTENSIONS**

- a. **FONTANA**
- b. **LSI**
- c. **GFL**

This discussion will highlight three requests for contract extensions/additional work to existing contracts.

Mr. Rayes noted Fontana has done a good job, works well with our residents, is willing to extend with the same contract pricing, and requests that additional waterline work be added to the contract of Fontana Construction starting with Hanson Court when the weather breaks.

The second item relates to a letter received from Landscape Services, Inc. (LSI). They seek to have Mayor and Council extend their existing contracts for rodent control, maintenance of various parks and rights-of-way, irrigation system maintenance and lawn restoration. The existing agreements are set to expire this year and have no provision for extension beyond this year. Year to date, we have paid LSI \$746,386. In FY 20 we paid \$916,182, and in FY 19 we paid \$1,065,209. They seek to extend these contracts for an additional three-year period (2024) with no cost increase.

The third item is the request from Green For Life (GFL) to extend its contract with the City for an additional five years with no cost increase. They are offering to pick up the cost of two household hazardous waste days costing \$60,000, making large brush and chipping year-round and go to a cart system for trash collection for commercial businesses.

There was discussion on extending contracts instead of bidding with the majority of Council recommending these extensions be placed on the February 16<sup>th</sup> agenda for consideration.

**8. MEDICARE ELIGIBLE RETIREE MEDICAL INSURANCE PLAN CHANGES**

JS Clark, the City's health insurance benefit consultant, brought to Staff a possible change in the way we handle Medicare eligible (over 65) retiree health insurance. This opportunity has been brought about by changes in Medicare related to reimbursements to private health insurance companies for what is called Medicare Advantage Plans (MA). MAs have been around since 1995 and were created to provide comprehensive coverage to Medicare eligible individuals while at the same time reducing out of pocket expenses and capping costs for those benefits. The City has not explored this option in the past because it had been more expensive than the way the City has been handling these costs.

On the surface, there will be very few observable changes for the retiree. However, the MA plan does a better job of coordinating their care to insure they are getting the level of services they need. Something that Medicare does not do. And because of this, the cost to Medicare is lower, which they pass on to the private insurance company, which is then passed on to the City as reduced premiums.

JS Clark is estimating that our first-year premiums will be approximately \$600,824. This is compared to our three-year average claim cost for this same group of \$1,029,299. This move will not only produce a significant savings annually, but it will also reduce the City's long-term OPEB liabilities because of the reduced costs.

The one noticeable change will be moving the prescription plan from the current vendor of Humana to BlueCross BlueShield. There are a number of cost and operational benefits to the plan in making this change. For the retiree, this change will improve their coordination of benefits between the medical insurance and the Rx side. The downside is that every Rx insurance provider has a different formulary plan that could impact an individual. We don't have a disruption report for this change that would give us a good understanding of that impact. However, we believe that disruption should be minor and we do have options available that would minimize this problem, should it arise, during the immediate aftermath of the changeover.

They did meet with representatives of the two retiree groups who, on the whole, seemed very supportive of the City's efforts to improve the benefit and bend the cost curve down to assure our long-term ability to provide these benefits. Since that meeting last year, they have been checking in regularly asking when we will move forward. We believe they see the benefits of this change and will help communicate the changes to the retirees on the whole.

Administration was directed to move forward on this and keep Council advised if there are any retiree issues.

**9. VETERANS MEMORIAL BEACH PLANS**

There has been significant erosion at the Veterans Memorial Park Beach since the Lake St. Clair high lake levels began in 2019. Last summer, concrete cloth was installed to protect against further erosion and the possible loss of the tree at the northeast corner of the park.

The City requested ECT propose a solution to help mitigate further beach erosion while also providing the flexibility to expand the beach if/when the water levels return to lower levels. This proposal provides a possible intervention that will help protect against further erosion.

A survey has been performed at the site to stake the Ordinary High Water Mark (OHWM) (575.3') in the field to understand where it is relative to the current lake level. The proposed stone wall is currently away from the water's edge. According to ECT, the OHWM doesn't come into play with the excavation for the base. The proposed base would be a 21AA aggregate wrapped in a heavy geotextile material with 3, 6" tall and 18" wide ledge rock stacked on top of each other.

The City has a purchase order with Landscape Services in the amount of \$30,000 for flood control labor and equipment rental (bids opened 4/28/20, approved by Council 5/18/20) that could be used to install this flood control measure.

Mr. Coppler noted the proposal would allow the City to restore us to where the beach was previously. This plan is a longer-term approach as the water recedes, low water is the time reclaim the beach. Put a wall in and back fill with sand. We will spend less money and it will take up to 10 years to reclaim the entire beach.

There was discussion on how to lock in the limestone so it would not wash away and then in low water move it to the next location. Council asked for cost comparisons of using redirock and limestone for moveable seawall options to restore the beach and to look into if pilings are needed.

**10. UPDATE/OPEN ITEMS**

The Blossom Heath Boat ramp is out for bid with a due date of 2/16/21. Next year's budget will include power and water flexibility with floating docks.

The Blossom Heath Park Pier project construction documents are being worked on and the petition deadline for bonds is on 3/1/2021. The preliminary design for the pier eliminated several features and relocation of DTE poles with \$29,000 put into the account and reimbursed when the bonds are sold.

There was an update on the Lakeview School District proposed drives to help with traffic at Harmon and Greenwood schools. They want a drive from the opposing street to help with traffic. Harmon needs more waiting pickup area. Greenwood wants additional on street parking and eliminating parking to the west.

It was requested that the Traffic Bureau give input on the proposed street changes at Greenwood Elementary.

**11. AUDIENCE PARTICIPATION (5 MINUTE TIME LIMIT) - None**

**12. ADJOURNMENT**

**Moved by Council Member Caron, supported by Council Member Rusie to adjourn at 11:51 a.m.**

Ayes: All – 7

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KIP C. WALBY, MAYOR

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MARY A. KOTOWSKI, CITY CLERK

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