

MINUTES
ST. CLAIR SHORES CITY COUNCIL BUDGET HEARING
TUESDAY, APRIL 30, 2019

City Council Budget Hearing, held in the Council Chambers, located at 27600 Jefferson Avenue, St. Clair Shores, Michigan.

Present: Mayor Kip Walby, Council Members Peter Accica, John Caron, Ronald Frederick, Peter Rubino, Candice Rusie (arrived 6:15 pm) and Chris Vitale

Also Present: City Manager Michael Smith, Assistant City Manager Bill Gambill, City Clerk Mary Kotowski, Directors Doug Haag, Rosemary Orlando, Teri Socia, Bryan Babcock, and Chris Rayes, Controller Laura Stowell and City Attorney Robert Ihrle

1. CALL TO ORDER, ROLL CALL AND PLEDGE OF ALLEGIANCE

Mayor Walby called the meeting to order at 6:00 p.m. The Pledge of Allegiance was recited.

Mayor Walby stated Council Member Rusie is in route. A Study Session will be scheduled on the Fire Inspector position and budget concerns.

Mr. Smith stated that the Fire Chief will put together his plan based it on the assumption the current Fire Marshall retires in October. If not, there will be no vacancy for the Fire Inspector to go to. In addition, they still need to fund this for four months of the fiscal year. He said we should fund it in the budget with the condition that if a vacancy does occur for that position, it has to come back to Council. He said the information will be sent out and there will be a Study Session on it. The Fire Chief will come before Council in regards to the Fire Inspector, overtime, future staffing, where we want to be, etc.

LIBRARY & INFORMATION SERVICES FUND

Rosemary Orlando, Library Director, said the Library is doing very good. The Library now has a mobile app to download to renew items, look up the catalog, check your account, etc. In addition, the Friends of the Library received a grant from the Metro Detroit Book and Author Society and the Library has implemented mobile hot spots. Patrons can now check out a mobile hot spot device for two weeks and have internet access where it is available. The Co-operative is working on a grant for reading readiness to have packets for newborns which includes a bootie. The patron will then have to come to Library to pick up the other bootie.

Mr. Caron said it is great to see that the Library is building up a fund balance, and increasing the amount to pay for materials. He asked if the note in the budget is still necessary in regards to using the Fund Balance Carry Over to fund the Library Collection. It was indicated that this can be taken out. Mr. Caron asked about the JCI lease payment, stating approximated \$75,000 is allocated to the Library, and asked if this is considered a transfer from the Library to pay or should it be a transfer back to the General Fund. Mr. Haag said it is allocated directly to their part.

The Library has an increase in permanent staffing in this budget and a decrease in temporary staffing. Getting temporary staffing in a Library position is extremely difficult. Ms. Orlando was fiscally responsible in increasing the permanent staff, decreasing the temporary staff and keeping the budget favorable.

ASSESSING

Teri Socia, Assessing Director, stated the budget is the same as every year. They have had a few tribunals come through with a few more coming. She put a place holder in the budget for an appraisal, if necessary.

Ms. Rusie arrived at 6:15 pm.

The spreadsheet that was given to Council gives the budget of every community in the county and the City of St. Clair Shores if by far the lowest price per parcel.

It was brought up about the change in the state law requiring the recording of surveying. It states that Michigan Surveyors are now required to record surveys completed for the purpose of a sale or land transfer. Ms. Socia will look into this.

Mr. Smith mentioned that on the spreadsheet given to Council, it has a column for Certification Levels of the Assessor. There are now three levels instead of four and the City of St. Clair Shores used to be the highest level which was based

ASSESSING (cont'd)

on taxable value. It didn't require what is known as a Master Assessor. The City's taxable value has been increasing and there is a good possibility that in the next few years the certification level that is required, the City of St. Clair Shores could, and probably will, increase. The people who control who become Master Assessors are other Master Assessors. There is a possibility that Ms. Socia will not be able to get the Master Assessor certification and the City may be required to have a Level 4 assessor do the assessment. He stated that whatever we can do to retain her employment, we need to do so because she brings more to the table than just assessing. Mr. Smith said he believes the system is broken.

DPW ADMINISTRATION

Bryan Babcock, DPW Director, stated there are three personnel in this department. He said the Automated Vehicle Locating System is now in the plow truck and installed in 34 of their vehicles. The cost to purchase and install them is \$50,000. The DPW in-house mechanics did the installation themselves which saved money, dropping the cost to \$33,000. They were also able to get a \$17,000 grant from MMRMA Risk Avoidance Grant. The total cost for this system was \$16,800. Residents should be able to track plow locations beginning in the fall.

Ms. Rusie asked if we know where we are at with the Capital Outlay Material Storage Facility. Mr. Babcock said they have met with their engineers and gave them instructions to move forward with the lesser expensive plastic type tarp structure and they went out and got an engineers cost estimate. This information will be sent to Council.

Mr. Vitale said he is concerned about how much salt the City will be using as he is concerned about putting more salt into the lake. He is also concerned about our salt company not delivering on time.

Mr. Frederick suggested that the City buy salt in the summer to get it at a cheaper price.

SANITATION

Mr. Babcock gave an update on the number of garbage carts sold over the past year and stated if residents want to purchase one, forms are available from the DPW Offices and the cashier at City Hall.

The Household Hazardous Waste and e-Waste Collection Day is May 11th from 9 am – 1 pm at the Civic Ice Arena, 20000 Stephens. This household hazardous collection day is for residents only.

The City is in its seventh year of an eight year contract with GFL.

WATER

The Water Department consists of 14 employees. The City has 25,303 metered customers and had 200 water main breaks last year.

Mr. Babcock said that some of the projects they have worked on are replacing the assembly on the connection to the Great Lakes Water Authority on the north end of the City, and painting the inside of the water reservoir at 10 Mile and Harper. He indicated the outside will be painted soon. At the south end of the City, this summer and fall they will be improving the pressure fluctuations coming in from the south end for a better operating water system and more control over our water system. The City has five water main projects this year.

The new line item of \$300,000 for 10 Mile Tank Repairs/Maintenance/Inspection is when the City decided to paint the storage reservoir. They went with a company in a 5-year contract, so they are paying for the painting, maintenance, and the inspections of it each year. There is also money for a repair to a pump or hatch, if needed.

Mr. Babcock said in regards to the five water main projects they have been doing both open cuts and pipe bursting depending on where the water main is located, how many service connections there are, etc. He said he can get information for each project to Council.

Mr. Babcock said the City has one newer street sweeper that is used daily with no backup. The backup street sweeper is currently down and the cost to fix it is \$32,000. He said you need two sweepers to recycle. The residents are not notified about street sweeping, since debris is pushed out into the streets when advance notice is given. The City does have a very experienced driver and the City is swept three to four times a year.

It was asked if there is a grant we can get for a street sweeper. Mr. Babcock said the only grant he has seen would be the Clean Diesel Grant, but the rules have been changed on that and only the chassis would qualify. He will keep his eye out

WATER (cont'd)

for a possible grant.

It was suggested that considering the cost of a new one, the cost of \$32,000 to fix the old one is not unreasonable. It may be worth making the repairs and have three of them to spread the load.

The decrease in water main breaks was discussed. Mr. Babcock said before we were operating the water reservoir, we were at 300 breaks a year, but that has dropped down to 200 since when the tank is running, it helps to regulate our pressure. The north end connection has been fixed and once they move to the south end, they should see about a 25% reduction in water main breaks.

Mr. Rubino suggested putting a notice on the internet for street sweeping to alert residents. Mr. Smith said they can look at using the 'Notify Me' aspect of the website.

Mr. Vitale asked about the status of reimbursement for the water main breaks which were caused by pressure higher than contractually what GEWLA was supposed to supply us with. It was stated that we could submit a bill to them. The City has been working with them on projects we are doing, especially at the north end and they were focusing on that project. The north end project is completed.

SANITARY SEWER

The seven employees in this department split their time between Sanitary Sewer and Storm Sewer.

This year they completed a City wide sanitary sewer televising and cleaning project which has been very successful. They are now making repairs to the sewers from what they found. This budget also includes funds to continue to do more improvements this year.

Mr. Babcock said there are enough repairs to do this year and next year they can start doing the annual TVing. They will do about one-fifth of the City each year.

STORM SEWER

The City has 42 storm water pump stations and has televised and cleaned about 25 storm sewers in the City and are now going back to make some repairs that will continue into this budget. They will replace or refurbish some of the older pump stations, with Eagle Pointe possibly being the next one on the list. A new pump station being proposed is on Jefferson at L'anse Street. They are working on the design and the easement and the drainage area will extend from St. Gertrude north to the Millenbach area then west on the side streets.

The City has sandbags and sand available for residents to use which is available at various locations in the City. Residents can be given up to 100 bags per person per request. Discussion ensued regarding current water lake levels.

Mr. Ihrie gave a brief update on a current lawsuit.

Mr. Accica asked about the storm sewers on 12 Mile and Jefferson and that area seems to be flooded whenever it rains. Mr. Babcock said they have a problem for several years with onshore winds which brings dirt, sand, debris, boulders, etc. into the drain outlet and then it begins to back up. The City has to then go out and clean the drain which belongs to Macomb County Public Works. They have a meeting set up with the county to see how this can be improved.

It was suggested that maybe a grate or large net be used to keep debris out of the drains.

WATER & SEWER RATES

Mr. Babcock stated that the commodity rate of the City's drinking water increased by 9.6%. He mentioned that one of the biggest contributing factors in the increase is how the Great Lakes Water Authority changed its contract process and our rate is based on a 5.4% reduction in water purchased by the City.

The SEMSD (Southeast Macomb Sanitary District) purchased the northeast system from Wayne County this year and the City has seen a significant difference in the flow improvements getting more sanitary sewage flowing down to the treatment plants. There is less discharge to the lake and they are seeing savings in their sewer treatment costs. For this reason, the City is proposing a 0% increase for sewage treatment. The net increase for the average customer is a 4% increase for water and sewage rates which is about \$2.42 per quarterly water bill.

MOTOR POOL

This department has two employees and the Lead Mechanic will be retiring next month. In the past year they have made improvements to the fuel tanks and repairs in the monitoring equipment for those tanks.

STREETS

This department takes care of plowing, salting, pot holes, street signs, grass cutting, street sweeping, etc. They already have their contract to purchase salt for this next year and there are a number of road paving projects including Englehardt and Visnaw where they will do both the street paving and water main at the same time. They will also be doing road patching and joint sealing to extend the life of existing roads.

Conversation took place regarding road patching and the \$1.5 million in the budget. The CDBG (Community Development Block Grant) street paving is still being evaluated.

Mr. Caron asked if we applied for the tree planting grant for this year.

Mr. Babcock said he was notified that the City received another \$100,000 tree planting grant late last year, then the government shutdown took place, and he hasn't seen the paperwork yet, but the City should be getting it.

Mr. Babcock gave an update on the Adopt-A-Road Program stating any person or organization who wants to participate can obtain paperwork from DPW. There are about four or five more areas that are available to be adopted.

Mr. Vitale stated that under Department Revenues in the budget, a column titled Fiscal Year 2018 Actual, a line shows Code Enforcement Cleanup, but there is no amount indicated. He said this is an important area to track as we get reimbursed for this.

Ms. Stowell mentioned that under Miscellaneous Revenue, the number of \$49,000 includes Miscellaneous and Code Enforcement Cleanup and they have the same account number and they don't separate it in their accounts. Mr. Vitale asked if this cost could be separated. Mr. Smith said they will set up a sub account.

Mr. Rayes stated that the engineers have not finalized the estimates for Harper Avenue, but once it is finalized they will meet with the county to get the project moving.

CITY ATTORNEY

Mr. Ihrie mentioned the three lawsuit cases the City currently has and that the City usually has about 50 to 55 blight cases to be cleaned up. The 40th District Court is running smoothly and is one of the top two or three District Courts in Macomb County. He said there are only about three current MMRMA cases (slip and fall, sidewalk cases, etc.). It was mentioned that Eric Shepherd is the new attorney replacing Calvin Brown.

Mr. Smith said the Labor Attorney and arbitration fees are dramatically increased. The long-standing Labor Attorney retired this year. He said he has not taken any action to contract a new Labor Attorney as he believes with his departure later this year, it would not be appropriate for him to make a recommendation. He recommends that when a new City Manager is hired, they work with Mr. Ihrie to make a recommendation to Council for a Labor Attorney. He stressed that the person should be a Labor Attorney and not just someone who says they do labor work.

Ms. Rusie and Mr. Frederick complimented Mr. Ihrie for all his work.

CITY MANAGER

Mr. Smith, who will retire later in this year, thanked his staff for all their support and hard work.

FINANCE

Mr. Haag, who will retire in June, thanked all his employees for their work stating his departure should be a smooth transition.

Several Council Members mentioned their appreciation for Mr. Haag and the Finance Department for all their work.

GENERAL GOVERNMENT

This category has no personnel in it, but the wages and fringes are the accrued lead payouts for retiring employees, their health care benefits, etc. They also eliminated the \$75,000 transfer to the Library that was in here previously.

GENERAL GOVERNMENT (cont')

This department also includes a \$150,000 contingency to be used as a rainy day fund for the current year.

POLICE & FIRE PENSION FUND

Mr. Haag mentioned one note, stating that they are now starting to see state mandated costs for pre-fund OPEB for new hires which is projected at \$266,000 for next year. The City will continue to add an additional 3% to the annual required contribution for Police & Fire and 5% for General Employees. The goal is to continue to stay above the 60% minimum funding ratio that the state requires so we don't have to go into a corrective action plan.

Mr. Caron asked to double check the numbers for Fire payroll and overtime. He said it shows \$3.4 million, but with the correction for the Fire Inspector it looks as if the wages is \$3.7 million on the Fire page. The numbers match for Police, but not for Fire.

Mr. Smith stated that the Chief and Secretary are not included in there. This correction will be updated.

BOARDS & COMMISSIONS

Mr. Haag stated one of the things they have not asked the Boards and Commissions to do is submit their budgets due to the workload and involvement. At budget time, the City reviews their revenues and expenses and adjusts them on historical cost. They are restricted funds and they keep a close eye on them.

Mr. Caron stated the Community Garden needs to come in and say what they think their annual expenditure will be. It was stated that this needs to be set up as they have already started to sell beds.

Mr. Smith said they have \$14,000 and asked if Council is looking to give them more money this year. Mayor Walby said they will be raising their own money. It was stated that they will be set up as a separate account which will include revenue and expenditure accounts.

Ms. Rusie spoke about several areas such as Historical Commission printing, archival supplies, memberships, etc., and asked that these be put under the Boards and Commissions budget versus the Library budget.

BUILDING MAINTENANCE

Mr. Smith said there is a budget item for the City Hall parking lot and believes the money needs to stay in the budget. He will talk to HRC and Mr. Rayes regarding the water levels being as high as they are and the water table in the parking lot which will present construction issues. He will have HRC look at this.

MUNICIPAL INSURANCE

They recently approved the two-year Workers Compensation insurance and bids were opened earlier today for the Property Liability. He anticipates that they will be reviewed and come before Council the second week in May. He will also be making a recommendation for Workers Compensation Claims at the same meeting.

It was mentioned that the Carry Over Liability is now in the budget.

SPECIAL REVENUE FUNDS & DEBT

Mr. Haag stated this category is a catch-all fund. It also includes debt with Total Debt decreasing by about \$2 million.

Mr. Caron stated that on the Special Revenue Funds for Streets, we listed all the potential expenses for parking lot repairs. He asked if this could be written up as one of the Capital Outlay information sheets and added as part of the Building Maintenance or Parks & Recreation forecasts.

2. AUDIENCE PARTICIPATION - none

Mr. Smith mentioned that this is the last Budget Hearing for himself and Mr. Haag.

He said this Council does an outstanding job being involved and understanding the budget. He thanked them for the work Council does and for the work department heads do. Everyone worked hard to get the budget in shape.

Mayor Walby read a text from Candice Miller, Macomb County Public Works Commissioner, stating that the forecast for the lake levels indicates they will rise another 8" by July. The levels right now are at the record in 1986.

AUDIENCE PARTICIPATION (cont'd)

Mayor Walby said this is one of the least stressful budgets he has had and it is a testament to a good team. We should be proud of it and the City does not get into financial trouble. Mr. Haag and Mr. Smith will be missed.

3. ADJOURNMENT

Motion by Council Member Caron, seconded by Council Member Frederick to adjourn the meeting at 8:35 p.m.

Ayes: All - 7

KIP C. WALBY
Mayor

MARY A. KOTOWSKI
City Clerk

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