

**MINUTES
ST. CLAIR SHORES CITY COUNCIL BUDGET STUDY MEETING
WEDNESDAY, MAY 5, 2010**

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, McFadyen, Rubello, Rubino, Rusie and Walby (Ms. Rusie arrived at 6:13 p.m. and Mr. Walby arrived at 6:39 p.m.)

Also Present: City Manager Hughes, Assistant City Manager Smith, City Clerk Kotowski, Deputy City Clerk Irvine, Directors Haney, Schuster 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. The Pledge of Allegiance was recited by all.

Mr. Hughes gave an overview of the City's current condition and thanked all departments for putting together the budget which preparations started before he started his employment with the City.

In December we faced a dire forecast and adjustments were made to the current fiscal year's budget. The structural deficit was \$4.9 million. Staff was challenged at two budget workshops to be innovative with their budgets and we narrowed down the deficit to \$2.8 million. As staff continued to par down their proposed budgets, we have narrowed the deficit to approximately \$640,000 from \$4.8 million. The budget presented to Council still has a \$640,000 deficit, so these 2 budget hearing nights will attempt to narrow this deficit.

The General Fund expenditures have an anticipated amount of \$42.3 million, used to run the City. Fiscal year 2009/2010 had an amount authorized of \$49.3 million. This budget shows a \$7 million dollar reduction. The biggest hit regarding revenue is a result of declining property taxes. Tax revenue in 2009/2010 was \$28.6 million. In the next budget, we are anticipating bringing in \$24.7 million revenue.

The proposed budget includes the elimination of 4 full time positions through attrition. For 2010/2011, we will have 264 full time employees as opposed to the 314 employees we had in 2000. In addition, we have a \$197,000 reduction spent on part time employees. It also shows an assumption of a 5% salary concession for all departments, per Council's directive, subject to negotiations with labor unions. The value of these concessions is approximately \$820,000 in the General Fund.

Other significant highlights are the request for approval of \$300,000 from TIFA which is in addition to their \$170,000 yearly administrative fee. We propose a zero contribution rate to OPEB (other post employment benefits) and there is a significant reduction in police and fire overtime expenditures.

Ms. Rusie arrived at 6:13 p.m.

We analyzed the amount of time spent by various departments supporting other funds including the Sanitation Trust, Utility and Motor Pool and adjusted administrative charges accordingly. The current sanitation millage is being used and a contribution from the Trust Fund of \$95,000 is planned. The Information Systems Department services are being charged in part to other funds and the General Fund includes a transfer from the Court and Library for approximately \$25,000 each.

We have heard the directive from City Council and are working with a leaner government, one that reflects the economic state, with the level of services being unchanged. We will be asking Council to adopt this budget on June 7, 2010.

Mayor Hison stated this is the most difficult budget to date. For the citizens, we will balance the budget. We have reduced people through attrition, consolidation and are using Information Services for internal programming.

POLICE & DLEF

Deputy Chief Willette: They have worked hard to streamline and cut costs. They reduced overtime in the detective bureau. The consolidation of dispatch services with Roseville and Eastpointe is an ongoing discussion. There are a few increases and decreases overall to the budget being presented.

POLICE & DLEF (Cont'd)

Mr. Rubino asked if dispatch consolidation was part of the budget cuts.

Mr. Smith noted that this has not been approved yet so they did not want to incorporate these savings yet. They are forecasting a savings of approximately \$100,000. If the consolidation was successfully in place by January 2011, we would present a budget amendment showing a budget decrease to reflect the savings for half a year.

Ms. McFadyen asked what money is being used to get the center up and running.

Mr. Hughes said that collaborative has received a \$1 million grant for the purchase of equipment for the dispatch center.

Mr. Rubino questioned vehicle rentals in the budget. Mayor Hison said the policy changed years ago with each department that uses vehicles, they pay rent to motor pool.

Mr. Rubello asked if it would be better for the police department to purchase their vehicles instead of the DPW.

Deputy Chief Willette said most of purchases come from State of Michigan bids, by purchasing this way we get best price possible. The Police could do it but it ties up manpower and is better allocated to have another department do the purchasing.

Mr. Rubello asked if the CLEMIS system showed any savings, if Marine Patrol is necessary and if there was a benefit to use using community resource officers or police reserves for community events.

Deputy Chief Willette said the CLEMIS system has been in place since 2002. We have found that by using CLEMIS, the membership fee is reasonable for all their applications. By consolidating computer needs and records management, they have saved \$100,000 the first year. The fingerprint system and E-crash is transmitted right to the station and then to the State. It is cost effective. The Police department receives \$6 for every crash report that is purchased online. E-ticket is in process. This electronically transmits to the court, traffic lieutenant and records so it frees up more officers and administrative staff time.

Deputy Chief Willette explained that we do not have a marine patrol, but do have a boat that was donated to the City. They have applied for grant money through homeland security which covers an officer, maintenance and gas. It is used for special operations; manpower is not specifically assigned to it.

Deputy Chief Willette said there are currently 56 neighborhood watches with 9 block captains. This has prevented break-ins, and has aided in putting criminals away.

The start up cost for a Police reserve would be \$50,000 to \$70,000. Other communities are limited as to what they can use them for. The reserves are the Police Department's eyes and ears out in uniform but not taking any action.

Mr. Smith stated that few years ago, he prepared results of survey done on reserves which was given to Council. We can revisit it, but there are issues in regard to training and expense. There may also be collective bargaining issues. We were deterred from going that way a few years ago. Deputy Chief Willette noted next reserve academy starts in January and won't be done until May.

Mayor Hison would like to look at this possibility again although each time we did review it, it has not gone forward. He also said there is a need to explore establishing a purchasing department to maintain contracts to ultimately see savings.

Mr. Frederick was concerned that the bulk of savings in overtime is projected to be half of what it was last year, if it is realistic.

Mr. Walby arrived at 6:39 p.m.

Deputy Chief Willette said the estimate for overtime is not realistic because it only allows for 28 hours of overtime per day or 9.45 hours per shift. He doesn't feel they can stay under the amount projected with what they have to cover such as vacations, minimum manning, court overtime, holdover (accident) overtime (accounts for 14% of overtime) and serious incident overtime which has a need to be investigated immediately (accounts for 10% of overtime).

POLICE & DLEF (Cont'd)

Mr. Smith stated there are a number of things included in overtime that are contractual. Patrol officers know it is the City's intent to not have minimum manning in the collective bargaining agreement. The POA agreement expires June 30, 2010. We will always have enough officers to keep the City safe. We have minimum manning in the contract. We would be in an overtime situation if we lost a number of officers at one time. We have to look at other ways to divert services we are currently providing, for example school liaisons.

Mayor Hison spoke on the point of overtime. We need to put a stop gap and look for additional ways or work techniques to reduce overtime in every department.

Deputy Chief Willette said in past years, they have never gone over the budget amounts and have returned money to the General Fund. They are aware of the problem and overtime has been reduced in the last couple months.

Ms. McFadyen does not approve of using police reserves.

Mr. Rubino questioned the cost of school liaisons, wages and fringes of the dog catcher and the use of two sworn officers in the records division.

Mr. Smith replied the cost of school liaison officers is approximately \$300,000 and the schools pay approximately \$100,000. He further explained that when there is an event at the school, they pay 100% of their overtime cost. These are officers that are not exclusive to the schools although the officer builds a confidence level with the students, staff and administration.

Deputy Chief Willette stated the dog catcher is an AFSCME employee. The reason two sworn officers are in the records division is to assist in processing FOIA requests, evidence records, purchasing of equipment and the decisions to be made by non-civilian staff. They deal with other police agencies and it is preferred to have police deal with the agencies and not a secretary.

The DLEF is handled by the Chief. It is used to purchase equipment for police with drug forfeiture and seizure funds. These dollars that come in can only be used for certain things.

Mayor Hison noted this budget is 30% of the entire City's budget and they are a 24/7 operating department.

FIRE

Acting Fire Chief / Fire Marshal Hejza: Mr. Smith stated he would be answering a lot of questions because he was involved since the beginning of the budget process and worked with now retired Chief Kovalcik. Minimum manning accounts for 85% of this department's overtime. If we were to eliminate minimum manning on certain dates, a piece of equipment could come out of service. This would reflect less service, but he is still confident we can continue to provide a safe environment. They have proposed a 90% reduction in overtime.

Mr. Smith said if they took the central station out of service it would reduce service to residents. The response time on medical should not be affected.

Mr. Hejza said the impact would be in backup. If someone from south goes to the north end, the south is unmanned.

Mayor Hison stated that this is where mutual aid is important.

Mr. Haney explained that the \$22,000 computer replacement line item is in most budgets and treated like the motor pool with renting to departments. The in vehicle computers are used to access data on materials at the fire and transmit medical information to hospitals.

Mr. Walby questioned the capital and aging fleet apparatus.

Mr. Hejza said the newest piece is the 2008 fire truck. The average mileage is 41,000. Engine 5 is a 1987 and they can't find brake parts. Engine 4 is a spare engine used in reserve and stationed at the south end. Engine 3 and 5 are at the north end.

Mr. Smith said they are waiting to refurbish engines for when the new chief is hired. Jaws of life have to be added to the engines as they only have 1 rescue piece now. They want to have money in budget to get the equipment refurbished. The motor pool is no longer doing service because of the specialties of the repairs and the difficulties finding parts for the current equipment.

FIRE (Cont'd)

Mr. Rubello questioned the need of 3 fire stations.

Mr. Hejza said logistically, when they looked at Harper and considered road conditions, the stations were placed strategically for rapid response when time is of the essence.

Ms. Rusie said that when the City was laid out, it was the best design then. She asked that a feasibility study be done using today's technology, equipment, etc.

Mr. Rubino would like information on eliminating a station and what the response time would be.

Mayor Hison noted the utilities line item shows an increase for fire and police, but across the other departments it has not increased.

Mr. Haney said that this year they added more locations to the electric choice program. A consultant looked at volume usage and the rates. The rate structure has changed and we are expected to save money.

COURT

Mr. Hughes noted that state statute dictates that the City allocates their budget amount but cannot allocate how they spend their budget.

Ms. Povich and Judges Oster and Fratarcangelli: The new court building is on hold on the directive of the City Council due to the cost factor and the inability to finance the project. It is not advisable to bond or borrow money at this time. There is currently \$1.7 million in the court building fund and the cost of a new facility is approximately \$4.5 million.

Revenue comes from civil infractions and citations which have been down considerably since 2005. Proceeds go to the funding unit after they are disbursed to the State and County. There has been a general increase over the last few years due to the economy and is anticipated to decrease. They have generated income from income tax intercepts. This year they spent \$900 to bring in \$54,000. By spending \$6,000, the potential revenue generated could be \$200,000. Last year they processed 150 intercepts.

Money owed to the court is \$1.7 million. If they had another staff member, they anticipate they could collect double, but can only go back 7 years. It is a long process and the revenue comes at the end of the year. All courts have the problem but not all do intercepts. The reduction of staff reduces ability to implement collections to generate revenue.

The \$1.7 million in the court building fund can only be used for specific reasons as directed by Council when the fund was established.

LIBRARY & INFORMATION SERVICES

Ms. Orlando and Ms. Mihalic: Mayor Hison mentioned their budget was down \$227,000. They did the best they could to reduce it and it still reflects enough revenue coming in to pay for the department.

Ms. Orlando stated that last year circulation was the highest since 1990 which was 25,000 more than the previous year. Circulation was 335,000 last year; fines do go up accordingly. The historical museum is doing well and many programs are offered. They are trying to be more proactive to encourage visitors. They surveyed communities for revenue generating ideas such as fax service and raising internet fee usage. They are reviewing all of the processes and services. The radio frequency book program was paid for through a grant.

Mr. Haney said the millage covers the library and not the general fund. There is a \$10,000 gap they are working toward eliminating. Depending on size of library, State statute determines the hours needed to be open to get State funding which is a minimum of 55 hours a week. State aid is \$11,000 with the projected cut.

A significant reduction is in acquiring library books. We currently have 4 part time librarians working 20 to 25 hours a week because there are not enough people to cover the hours. As librarians retired, we went to temp librarians.

The capital outlay of \$125,000 is the material budget, including books, print and non-print material and has been cut 50%. We have digital media overdrive meaning you can download material from home. More people are coming into the library now more than ever before to check out books, use the internet, job hunters, etc.

PARKS & RECREATION ADMINISTRATION

Mr. Esler and Mr. Mehl: They thanked employees and volunteers for their efforts and talked about upcoming events.

Mr. Esler addressed the temporary employee reduction of 52% and feels it is too severe. In June 2009, the temporary clerk handled 2,400 transactions. Key people will be let go and they are anticipating they will have to shorten their hours on the weekends. They also will not be able to staff the department from 8:30 a.m. to 9:00 p.m. Hours would be Monday through Friday closing at 6:00 p.m., instead of 9:00 p.m., and Saturday and Sunday would be limited to 3 to 4 hours open at the most. They have been diligent in making cuts through the year which will hurt revenue.

Mr. Smith said this will result in a reduced level of temporary's services across the board not just in parks.

Mr. Esler noted that the Activities Committee, previously handled by the Manager's department, has been transferred to the Parks and Recreation budget. The Activities line item did move \$69,000 to expense but corresponding revenue covers that amount.

Mr. Haney said the recreational revenue system does not generate enough funds to cover the debt covenant so it is supplemented by the General Fund. The General Fund is transferring money to the recreational revenue fund to cover the debt covenant. The bond will be paid off in 2016.

Mr. Rubino said he has never had to wait for service. He also didn't feel that closing the window 3 hours early would change someone's mind about buying a boat pass. People would adjust their schedule and go another time during open hours.

Mr. Esler state that the tournaments at Kyte Monroe made a profit of approximately \$80,000 and Civic Arena has made a profit as well.

Mr. Hughes noted that Mr. Esler was not supportive of the cuts. One of the ways to get the \$7 million deficit reduced was to cut \$197,000 in part time wages Citywide. This reflects some of the funds cut from the Parks and Recreation temporaries. Mr. Hughes supports the reduction of hours at the facilities.

RECREATION

Mr. Esler and Mr. Mehl: This budget entails the special needs playground, exercise equipment and sporting events. Last year they produced a profit. They have increased soccer and baseball fees, used to maintain the fields, and pass them on to the groups. There was no reduction in temporary hours. Revenues are greater than expenses. The revenue anticipated is \$313,000 and expenditures are \$282,000. Duties have been revamped which added responsibilities to Mr. Mehl, Ms. Rheaume and Mr. Dorner.

ARENA

Mr. Esler, Mr. Mehl and Ms. Rheaume: They have reduced maintenance and repairs. Ice time cost was raised last year by \$10 for prime time hours. They have never used the General Fund to make the bond payments which will be paid off in 2013. They put \$40,000 aside from revenues for dasher boards, which are at their life expectancy of 15 years, and \$11,600 for matting. They are looking ahead now to cover 3 years and budgeting \$40,000 each year to cover the \$120,000 total cost of the dasher boards and have them installed in 2013. There were suggestions to look into naming rights of the arena. There has been no reduction in temporary employees.

PARKS

Mr. Esler, Mr. Mehl and Mr. Dorner: In June a position was eliminated. Positions were realigned and temporary employees were cut by \$12,000. With the elimination of the parks supervisor, those responsibilities were absorbed by current employees and they are looking at ways to make things more efficient.

Mr. Frederick questioned the raises that were received and if we are doing this in other departments.

Mr. Esler said the parks supervisor is now working at the DPW. Approximately \$21,000 was given to the employees that were assigned the additional responsibilities.

Mr. Smith said that 4 positions were reallocated to 3 in Parks and Recreation. When the assessing department went from 3 positions to 2, they did receive additional compensation based on the aspect of what they are taking on. The code enforcement supervisor position was eliminated but a raise was not given to the 2 people that took on those responsibilities.

PARKS (Cont'd)

They are concentrating on the highly visible areas in the City. Grounds have improved; there are 45 baseball fields and 20 soccer fields. Some trees were cut down at the golf course but will not be replaced in the current fiscal year. Next season they will allocate money in the budget to start replacing them.

Park pass revenue collections to date are \$19,000. The pass season has just started so the revenue will go up.

Mr. Dorner noted that there was a decrease in the temporary budget at Kyte Monroe. They will be utilizing one Kyte crew to cut and maintain all the ball fields. They will also utilize golf course staff to cut grass in other places as well.

Mr. Haney will clarify the number of billboards the City has and leases. He believes there are 3 or 4 currently.

SENIOR ACTIVITY CENTER

Mr. Esler, Mr. Mehl and Ms. Fickau: The SEMCOG Regional Development Forecast shows that 21.7% of people in St. Clair Shores are age 65 or better. In 2015, it is expected to be 2 seniors to 1 student. The senior center is filled from morning to close. The budget is down approximately \$50,000. CDBG and revenue from the facility pay for the center. They have done everything possible with media and advertising to generate more revenue.

RECREATION REVENUE SYSTEM

Revenues are projected to decrease \$215,000. The pool is down \$5,000; golf is down \$77,000 and boating is up approximately \$5,000. They have been advertising and offering incentives to increase revenues. They have also explored transient wells.

POOL

Mr. Esler, Mr. Mehl and Mr. Dorner: Revenues were up last year. Pool pass cost was lowered to \$50 and is a great bargain. They now have grandparent passes available.

BOATING

Mr. Esler, Mr. Mehl and Mr. Dorner: Lac St. Clair is 40% occupied and Blossom Heath is 60% occupied. Boat slips are less expensive at Blossom Heath because Lac St. Clair has more amenities to go with the boat pass such as a pool. Advertising is being done and the department is still being covered. Debt from marina is not reflected in this budget. Dredging is also not included in this budget which usually accounts for \$50,000 but was taken out due to constraints.

GOLF

Mr. Esler, Mr. Mehl and Mr. Dorner: Cuts were made in temporary employees and overtime. In the last 5 years, they have taken in \$1.2 million. They are hoping to take in \$1.25 million with expenses of approximately \$900,000. They have turned over an entire fleet of golf carts. They need to be replaced every five to six years. The oldest model is 2005 or 2006 and the newest is a 2008.

The Coney Island contract expires December 2010. The Golf Course Committee will be coming to Council with a recommendation to renew their contract. They are the third Coney Island in the City although they do not make the money that the others do because they are seasonal. They have a banquet facility and outside service. They do want to remain there and more details will follow. Recreational revenue receives \$227,000 to help pay for the bonds. New sprinklers have been added and they are hoping the quality of the course will bring people back. They have also started a junior golf league.

GENERAL FUND REVENUES

Mr. Haney: TIFA contribution of \$300,000 is in this budget. There was an overwhelming crash in taxable value of \$245 general fund revenues and tax revenues are down \$3.9 million. Charges for services have a corresponding reduction in expenditures. There is an Increase of \$118,000 in ambulance fees and Court revenue is up \$188,000. Streets have been charged \$253,000 for administrative support. The water fund is up \$210,000 and the sanitation trust is up \$95,000. State revenue sharing was proposed to increase 1% and is awaiting a vote from senate although we are not confident it will go forward. We will amend the budget if it is approved. We are projecting our statutory amount to be \$500,000 and the State is projecting it at \$800,000. We have under budgeted this intentionally and will issue an amendment if we do receive the higher amount.

ASSESSING

Mr. Vandemergel: The assessing budget is unchanged from last year and they are spending the same amount as last fiscal year. There is a slight increase in overtime due to the increase in assessment appeals. In 2006 they had 241 appeals, last year they had 1,026 appeals.

Mayor Hison asked about the \$4 million reduction in taxable value. Sales are up in St. Clair Shores but we are not getting the value. He also questioned if the taxable value would be up to \$4 million next year.

Mr. Vandemergel stated they did a trailing study looking over a shorter period of time due to the rapid declining values. He predicts that next year it would be a \$2 million reduction. The average taxable value is approximately \$300 less per house. The positive news is that we are seeing clusters of homes selling for over the \$100,000 mark. At their peak they were selling for approximately \$140,000.

CITY ATTORNEY

Mr. Ihrle: This budget appears unchanged from last year's actual budget. Currently they are in labor negotiations and continued negotiations are being contemplated.

CITY CLERK/ELECTIONS

Ms. Kotowski and Mrs. Irvine: Overall this budget has decreased. There are a few line item increases due to holding a State election this year as opposed to a City election last fiscal year. Advertising has been reduced as well due to the implementation of MITN. We are hoping legislators pass a bill stating that posting ads on the internet is compliant. Another increase is due to our ordinance books. We are in a situation where we will need to go to a third book or re-codify, so the existing books will be on letter size paper as opposed to the size they are now.

PUBLIC PARTICIPATION

Sharon Gwizdowski said she realizes there are challenges with budget. She spoke on behalf of the Neighborhood Watch Program and Officer Mascarello.

ADJOURNMENT

Motion by Walby, seconded by Frederick to adjourn the meeting at 10:40 p.m.

Ayes: All – 7

(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