

**MINUTES  
ST. CLAIR SHORES CITY COUNCIL BUDGET STUDY SESSION  
MARCH 24, 2012**

City Council Budget Study Session, held at the St. Clair Shores City Hall, Council Chambers, located at 27600 Jefferson, St. Clair Shores, Michigan.

Present: Mayor Walby, Council Members Caron, Frederick, Rubino, Rusie, Tiseo, and Vitale

Also Present: City Manager Hughes, ACM/HR Smith, City Clerk Kotowski, Director Haney, Claeson, and City Attorney Ihrie.

**1. CALL TO ORDER AND ROLL CALL**

Mayor Walby called the meeting to order at 8:00a.m. Ms. Kotowski, City Clerk, called the roll with a quorum present and the pledge of allegiance was said by all.

Mayor Walby stated this is our second budget workshop as we prepare for the 2013 fiscal year. At the last workshop administration noted that there would be a \$2.7 million dollar deficit, if we did nothing, so we asked administration to come back to this workshop with alternatives. On April 30 and May 1<sup>st</sup> starting at 6:00 pm each evening Council will hold Budget Hearing where they will review in detail each department's budget submission.

Mayor Walby asked administration for an update on the questions raised at the last workshop and where we are now in the process for the upcoming budget year.

**2. UPDATE ON FISCAL YEAR 2012-13 PROJECTIONS**

Mr. Hughes, City Manager, introduced the administrative Budget Staff members; Michael Smith, Tim Haney and Larry Claeson, who have diligently working on the upcoming 2013 fiscal year budget.

To provide background for residents, the City of St. Clair Shores has a 12 month budget not based on a calendar year but on a fiscal year starting on July 1, 2011 and terminating on June 30, 2012. We start preparation work on the next fiscal year budget 6 months prior to the fiscal year end. It is conducted in a four step process. The first step was held at the February 25, 2012 Budget workshop which provided a forecast on where we were and a forecast on where the upcoming budget year would be.

Step 2 is being conducted today at this second budget workshop where we came back with items we have narrowed down. Today is not a line by line review of each budget. That will occur in Step 3. Departmental budget hearings will be held on April 30 and May 1<sup>st</sup> beginning at 6 pm. At that time each department will present their prepared budget and individual items in the budget for fiscal year 2013 will be reviewed.

Step 4 will occur on the first Monday in June when Mayor and Council hold a Public Hearing on the proposed 2013 fiscal year budget, proposed millage rates to be set, and administration will ask for approval of the 2013 proposed budget and millage rates.

Many steps occur in this budget process. Sometimes government talks bureaucratically and residents are not sure of the meaning. The 2013 Budget is the upcoming budget year which starts on July 1, 2012 and ends on June 30, 2013.

Mr. Hughes continued with an overview of the PowerPoint Council viewed at the last workshop by Plante Moran with an overview and analysis of our fiscal picture.

It appears that the economy has bottomed out. The State is now preparing for a growth economy budget. Michigan in 2001 was deemed in a single state recession. Our state has faced massive declines in employment and personal income as well as the housing bubble burst and the foreclosure crisis. Michigan's unemployment rate in 2006 was at 14.1% and it is slowly moving down. As of December 2011 it was at 9.3%. Employment is starting to improve but the state still faces the loss of 750,000 jobs.

Vehicle sales are slowly recovering with March projections in auto sales very positive. That will ultimately lead to an increase in State Shared revenue sharing from sales tax revenue, while the Housing Market has a significant way to go in an increase in investing in homes.

State Budget is laced with incentives, hoops, conditions to receive state distributions (EVIP), and with increases in Public Safety, Education K-12 and Higher Education, Health and Human Services, Infrastructure, State Information Technology. They are working on their rainy day fund and how to deal with legacy costs.

**Agenda Item 2 cont'd.**

EVIP is a phase that deals with the Statutory Revenue Sharing (SRS). We receive 2 types of revenue from the State; the first is Constitutional Revenue Sharing, which is based on the State's Sales tax revenues. Our proposed budget is forecasting a 2% increase due to sales tax collections. We budgeted zero in SRS as the state changed the method of allocation and we are receiving \$540,000 in EVIP.

Our Unrestricted Fund balance is the term used to identify the rainy day fund. If we did nothing and used this fund it would be depleted 2015 fiscal year. As well, on June 30, 2014 the current Police and Fire millage will expire and we have projected it will not be renewed.

Property Tax Challenges to the City – Our declining property tax revenues and the impact on foreclosures have the major impact on our revenue as it is based on property values. County and School budgets are feeling this impact as well as they ask for additional millages. The City's Charter authorized operating mills have been reduced by the interaction of Headlee and Proposal A from 11 mills to 8.66 mills.

Mayor Walby commented that projections show in 2014 that property values will not go down. Our Assessor is projecting a 5% increase in tax revenues.

Mr. Vitale requested that administration provide a slide that recognizes the loss of Personal Property Tax (PPT) to reflect this additional loss of revenue possibility. PPT is the business owner's tax paid on your equipment, supplies, etc. Mr. Hughes responded we will and it would reflect \$1.2 million property tax revenue loss if the legislature repeals this tax.

Mr. Caron commented that Sen. Brandenburg's proposal is not to repeal personal property taxes but to phase it out. The Utilities would not be touched at all and for industrial businesses there would be a 10 year phase out. We have 1400 parcels in this category with a total value \$10,000,000, so this \$1.2 million may be a \$160,000 total loss in 2016.

Mayor Walby noted that while he understood the state is trying to make it more beneficial for businesses to move in the State it is hard for municipalities to lose the revenue they have come to depend on.

Declining Property Tax revenues are projected to continue to have an effect through 2026. Top line is if CPI rate were to increase. From 2009 -2013 there is a projected decline in CPI, with a minor projected increase to 2016, which means we will see the lost tax revenue for the next 15 years.

Mr. Smith noted that even driving up property values, the bottom line is the most taxes can go up is 5%, due to Headlee and Prop A's. So unless the State were to repeal Prop A and Headlee, it will take a generation for property values to go back to where we were.

Mr. Hughes noted that in October 2012 this government in 2002 had 317 full time employees and 90 seasonal, today we sit before you with 245 fulltime and a significantly reduced number of temporaries. We seem to trend ahead of the other municipalities just coming to these changes.

Mr. Smith had provided Council with staffing comparisons with other municipalities but did not include municipalities who did not have a water department, police department, etc. St. Clair Shores is the 8<sup>th</sup> lowest in total employees per 1,000 residents as based on 2010 census. Sworn fulltime Firefighters per 1000 residents we rank 11<sup>th</sup> but note that the 2 ranking below us have Volunteer Fire Departments and 3 have Public Safety Departments. So 10 Communities have more firefighters per 1,000 residents and 6 have volunteer or public safety departments (combined police and fire). Troy has some full time fire personnel and the remainder of the department is volunteer and/or contracted out.

Mr. Rubino noted that we are tied for 6<sup>th</sup> lowest number of employees per 1000 residents. If you compare us, Eastpointe has eliminated their Parks and Recreation Department and Sterling Heights provides no ambulance services.

Mr. Smith noted other items that have to be taken into consideration, for example, the City of Westland doesn't have Court Employees, Townships do not get road money and residents do not get roads plowed except by the County. Others do not have Libraries. None of our comparables have a marina and up to 5 have a pool and one golf course.

Ms. Rusie asked if on the Fire comparables do Harper Woods numbers include their laid off fire fighters. Mr. Smith responded their charter requires them to have a Fire department and they are attempting to repeal this charter provision with a combined Public Safety Department as noted.

Mr. Frederick commented on the total employees per 1000 noting that Troy is just below in employees and they have a volunteer fire dept. They must have a lot of people in other jobs that we have already cut through attrition.

**Agenda Item 2 cont'd.**

Mr. Smith noted our Sworn Police per 1000 residents' rates us as the 12th highest sworn fulltime Police personnel. Five municipalities higher than us are Public Safety, responding to both police matter and fires. If we take those 5 out we are the very top number of police officers per 1000 resident. This is an item we cannot address as it was part of the current millage to maintain staffing.

In total non-sworn personnel (non - police and fire fulltime) we are the 2<sup>nd</sup> or 1<sup>st</sup> lowest, if you remove those cities with no employees in areas we staff; such as the Library and District Court. When we look at fund balance these other municipalities do not have the undesignated fund balance that we have. In everyone's budget personnel costs is a large portion of the budget.

Mr. Caron asked for a comparison chart on our undesignated fund balance compared with these other municipalities that were used.

Mr. Haney noted how the property value declining trends have hopefully bottomed out. Mr. Rubino questioned how close the trends are to actual numbers. Mr. Haney responded we predicted no more reductions and faced another 10% decline.

Mr. Caron asked when we are going to have actual numbers. Mr. Haney responded after the board of review is done. Mr. Caron noted the numbers of Board of Review appeals are significantly down.

Mayor Walby requested that Council be provided with these numbers by the Budget hearings.

Mr. Haney noted that in 2014 the Police and Fire Millage levy is completed. If you review General fund revenues against expenditures, expenditures excluding Police and Fire are trending up with and revenues are trending down.

Mr. Caron asked administration to provide one chart which lists the total expenses and total revenues to show the structural deficit in one document, as it is hard to see the current deficit plus the proposed additional year's deficit.

Mr. Hughes responded that they would. You need to subtract expense decreases from the \$2.7 million deficit as the existing structural deficit (expenses exceeded revenues) had not been addressed for this current fiscal year of \$1 million.

Mr. Smith responded that if expenses increase or stay the same as this current fiscal, then we make another \$1 million less in revenues, we are t \$2 million short of balancing revenues against expenses.

Mr. Caron noted so if we do nothing we should be taking \$1 million out of fund balance to balance this year's budget.

Mr. Haney noted the Fund Balance Unreserved chart indicates by the red line is where it is recommended that we maintain a fund balance of \$6 million. If we do nothing and chose to use fund balance each year to cover the deficit, our fund balance would be exhausted by fiscal year 2015.  
5.

Mr. Hughes noted that Plante Moran recommends that we keep a fund balance at \$6 million as this number allows us to maintain our good bond rating.

Mr. Smith noted that this number has not changed since 2005. The recommended fund balance is a percentage of expenditures and we have not moved this line down when we could have as we have decreased expenditures. He noted 10-15% of expenditures are a good number for fund balance.

Mr. Rubino commented then that number would be a \$4.1 million fund balance if moved down. We could move that line or our fund balance amount down.

Administration was asked to find out how our Fund balance number compares to other municipalities, such as Sterling Heights whose budget is three times ours but their fund balance is less than ours today.

An overview of each General Fund department excluding Police, Fire and Insurance of their net revenues over expenditures was presented. It was noted that CDI is expected to pay for its operation through its revenues/permits and this was directly related to the fee increases adopted by Council last July.

Mr. Smith noted that it appears that the Senior Center pays for itself but actually it is shown as a break even as Council funds the center from block grant, which can lose its funding source by this federal program. DPW uses roads money to fund the department. A large share of recreation expenses is the rec bond payments.

**Agenda Item 2 cont'd.**

Mr. Vitale noted that this chart shows that the court costs the City \$10,000 each year. The court indicates that over the last 5 years they have brought in \$101,250 in revenues each year. Mr. Haney noted these are budgeted numbers. They normally balance to zero revenues just meeting expenses. We budget the Court costing the City \$10,000 due to the carryover of an expenditure.

Mr. Hughes noted that the Court should be a revenue generator. With St. Clair Shores residents alone they have \$143,000 in outstanding warrants that have not been paid. We are reviewing these warrants and working on a collection mechanism.

Ms. Rusie questioned if we know where Block Grants stand that is used to fund Senior Center. We know that there is \$780,000 in the next budget year for block grant; while just 3 years ago it was \$1.9million. The decrease from last year is \$100,000. There is a philosophy that block grant has lived its life and should go away.

Mr. Frederick commented that next year there a bond in Parks that will be paid off which should help in the next fiscal year.

Mr. Hughes noted in review of other general fund departments they are not structured to generate revenues.

Since February the budget team has worked with staff to decrease the \$2.7 million deficit. Our task from Council was to come back with possible options to balance the budget, they are as follows:

**Proposed Steps to balance the budget**

DLEF contribution to purchase police cars	\$ 170,000
Reduction in vehicle rent to motor pool	200,000
Increase administrative contribution to TIFA	200,000
Reduced Recreation Revenue contribution from General Fund	210,000
Constitutional sales tax increase (based on State projections)	500,000
Police overtime maintained at current level	125,000
MMRMA dividend revenue expected to increase	122,000
Required contribution to Streets Fund less than anticipated	200,000
Changes in various revenue and expenditure line items <100k	<u>(274,996)</u>
TOTAL	1,452,004
Structural deficit projected February 25	<u>(2,700,000)</u>
<b>Structural deficit March 24</b>	<b><u>\$(1,247,996)</u></b>

Mr. Hughes explained that starting in fiscal year 2013 after a recent law change we will use \$170,000 DLEF funds to purchase 5 police vehicles. We have one officer assigned who when their team makes arrests we receive part of the funds seized. As you may have seen our department has an EBAY sale this weekend on items recovered.

Motor pool vehicle rents for other departments have been reduced by \$200,000 for fiscal year 2013. Please note this is only a one year fix.

Increase administrative contribution to TIFA of \$200,000. TIFA paid \$170,000 annually back to City for administrative services provided by the City and they have agreed to increase this amount by \$30,000. The implication of this is if there is a project in the TIFA district there is less money available to fund economic projects.

As a voting member of TIFA, he is not suggesting that TIFA be dissolved but that the city is in difficult times and it is their way of helping. Council does not have a vote on TIFA expenses. The only vote by Council is if you vote to dissolve TIFA, otherwise it continues. They are clear and free of their bond debt payments and their current expenses are Walby Park and landscaping maintenance costs in the district. He reminded Council that if TIFA is dissolved, there is no ability to recreate TIFA under current laws in the state.

Ms. Rusie questioned the budgetary implications if TIFA were dissolved. Mr. Claeson responded the projected tax capture is \$520,838.15 which is made up of capture from Macomb Community College of \$30,915, Macomb County \$120,035, and \$369,887 for the City which is broken into two parts operating millage of \$181,000 and the balance is returned to dedicated mills for sanitation, Library, Road levy, and P & F Pension.

Mayor Walby noted that our portion \$369,000 in city taxes captured by TIFA is coming back to us in the amount of \$370,000.

**Agenda Item 2 cont'd.**

Mr. Vitale commented that it looks like if TIFA continues that TIFA is no impact to our budget, but if they take on a project then the money is gone as it would go to that project.

Mayor Walby responded that he was not sure you can say that. What happens if the project is a new building, as that increase in the value of building takes care of the bond payments and ultimately more tax revenue? An additional \$10 million in value in a building assists in paying the bond money back, so it all depends on what happens.

Mr. Hughes responded that TIFA, being good partners with City, recognizes the City's financial problems and their willingness to help out. They also helped with funding the Parks and Recreation master redevelopment plan. TIFA also captures the County and Community College tax portions which are used in TIFA projects to benefit and enhance the City.

Mr. Claeson noted that the TIFA debt is paid off so they are in an accumulation state, awaiting a project/development. If they were dissolved, the general fund would have returned 181,235.72, and the other city dedicated millages would have returned 188,651.34.

Mr. Vitale commented that the reason he was not pushing for dissolution of TIFA is because it is neutral now.

Mayor Walby noted that TIFA has provided funds to help events that promote the city such as the Parade, pond hockey, concerts, nautical mile; they paid to repair the Blossom Heath parking lot all with TIFA funds.

Consideration of reducing the Recreation Revenue Contribution from the General fund was discussed. Mr. Smith stated we are proposing changes from the financial forecast. The bond on recreation was funded in a way that there is a fund balance that has to be maintained and there are 3 ways to calculate. We have always used the easiest method to calculate this amount. We looked at the bond and its approaching an end so we could reduce the amount necessary to be maintained by \$200,000 which would not impact what recreation does but funding for the bond. We could also refinance the bond, refinance it by borrowing from the sanitation trust and paying interest to our fund that would make more interest than they are making in today's market.

Mr. Caron noted so this means the \$210,000 last year's contribution was the match of collateral that had to be there and this year that amount is reduced by \$210,000

Mr. Hughes noted that constitutional revenue sharing that is the sales tax credit will increase by \$500,000, which has been indicated in the proposed budget.

Mayor Walby indicated that in a recent meeting with the state treasurer they reported that sales tax numbers have increased so there would be more constitutional revenue sharing to municipalities.

Mr. Hughes noted that if we see any trends to reduce this figure we will keep you informed and take the necessary action.

Police overtime will be maintained at the current levels. This fund was \$125,000 higher in the forecast because of early retirements. Therefore the same amount for overtime in 2013 will fund more hours as we are funding at a lower payroll rate on new hires. Mr. Hughes noted that even though the arbitrators ruling gave 2% increase to sworn officers, in spite of this increase we will see a decrease in the overall amount of overtime and payroll costs as new hires are under the new lower pay scale.

Mr. Rubino stated so we are getting more services at a lower cost.

Mr. Hughes notes that we will continue to have new officers hired in through July as the retirements and the new hire processes are completed. The new officers have less in their benefit packages and by hiring these officers over a time span, it did not cause more overtime hours, until they were considered part man power. There could possibly be a spike in overtime at the beginning of hiring period by mid-July until they are counted as part of man-hours; but this is for only for 1-2 new hires that would affect this line item. We have already hired 5 new officers and will be hiring 2 more and there is one upcoming retirement.

Mr. Rubino commented there would be more overtime for a short period to pursue early retirements of police officers to save more money long term on the cost of overtime.

Mr. Caron asked when the overtime is calculated for the year, do you subtract out the revenue paid by Parade Committee, Activities Committee and other organizations.

**Agenda Item 2 cont'd.**

Mr. Hughes noted that just as 50% of school liaison officers are paid by the school districts, events are fully reimbursed; car cruise, triathlon and you see the offset in the department's revenues.

Mr. Hughes stated what we do not receive reimbursement for or can foresee in this presidential year this fall is the scenario if one of these candidates were to visit our city or their spouses it is a significant expense to the police department overtime. These costs are not reimbursed by the candidates' campaign.

MMRMA Insurance general liability dividend revenue is expected to increase by \$122,000. We have again put this item out for bid; noting that is the projected next fiscal year dividend. As always council has a choice to change insurance companies knowing that this dividend would go away.

Mr. Rubino commented that it is nice to know the amount we have coming each year. We should consider issuing a 2-3 year award for this item.

Mayor Walby agreed with Mr. Rubino as we have found there bid with the dividend has proven we have not found a better price; so we may not want to bid this out every year in the future.

Mr. Hughes noted we have also put out to bid our auditing services this year.

Our required contribution to the Streets Funds the coming fiscal year is less than anticipated by \$200,000. This is not roads projects but from operations.

Mr. Hughes noted that as results of the proposed internal budget hearing changes the projected deficit has decreased to 1,247,996.

Mr. Smith noted at the last budget workshop we presented possibilities of what to do. As of this point we have lowered the deficit without proposing to implement any of the "what ifs".

Ms. Rusie commented that last year we all spent a lot of time combating these rumors "of what if" items. Those were not gospel of what was not going to happen. There are and were many ideas thrown out that never come to pass.

Mr. Hughes noted that every one of the budget workshops and council meetings were public noticed when they are held and even when they are not televised.

Mr. Smith explained that with today's technology when we are talking about doing things someone sitting in the audience could be posting directly to Facebook. So ideas are out there before Council can say not a good idea or we do not want to do that.

Mr. Hughes noted he had one final document for discussion, as Council directed him to take the new \$1.25 million proposed deficit and make it smaller.

***Fiscal Year 2012 – 2013  
Additional Opportunities to Reduce the Deficit***

- 1. The proposed budget will be further reduced by approximately \$65,000 in expenses that I will be seeking in the operations of the swimming pool and the marina. These changes will not result in any changes to the hours of operation.***
- 2. We are also analyzing the potential of expense reductions at the Golf Course.***
- 3. The Parks and Recreation Department will once again operate the 9 Mile/Chapaton Boat Ramp. We will be opening this ramp to non-residents (\$10 per launch) in 2012. This could generate \$10,000 - \$15,000 in new revenue that is not in the projected budget. As a point of information, this ramp has always been open to both St. Clair Shores residents and Eastpointe residents.***
- 4. The Parks and Recreation Department is exploring the possibility of eliminating the paid gate guards at the 9 Mile/Chapaton Ramp and at the Blossom Heath Park. We would replace these paid positions with volunteers. A savings of approximately \$18,000 annually would be achieved at the 9 Mile/Chapaton Ramp. More analysis is needed regarding Blossom Heath and the feasibility of implementing this staffing approach.***

**Agenda Item 2 cont'd.**

5. ***I have asked the Parks and Recreation Department to issue RFPs for the private sector to bid on the following services that are currently performed by City employees: lawn maintenance, athletic field preparation, parks clean-up, parks building clean-up, and snow removal for city facilities. The proposals will be opened on Friday, April 13.***
6. ***The Department of Community Services has already issued multiple RFPs for privatized service contracts that are due to expire this June (lot clean-ups, sidewalk snow removal, building inspections, electrical inspections, etc.). It is possible that this competitive process will result in general fund expense reductions within this department.***
7. ***The proposed budget includes approximately \$500,000 in anticipated insurance claims liability. Please note that these claims are being reviewed and it is possible that, as in all recent years, this \$500,000 could be reduced by approximately \$250,000 in Fiscal Year 2012 – 2013.***
8. ***We are researching the potential of refinancing the Recreation Revenue Bond related to the boat marina behind City Hall. This would further reduce general fund expenses.***

Mr. Hughes noted that we are also analyzing the potential of expense reductions at the Golf Course, by no means are we suggesting inefficiencies but sharpening up on our expenses.

Mr. Rubino commented that we are way ahead in some revenues this year and this will impact this budget as well. Mayor Walby noted in the budget report of mid-March, due to a mild winter our winter, golf revenues are projected at \$15,000 and have generated \$67,000 in winter golf fees.

Mr. Smith cautioned that you need to remember last fall was not good for golf course revenues as we had a very rainy summer and fall. Last November golf revenues were way under their proposed amounts.

Mr. Vitale asked if the proposed repairs to the course were for the bridges and, if so, had staff investigated his suggestion of replacing the decking with timberline composite materials donated, for example, by Home Depot and allowing them to advertise this product material at the location. He did not want to start seeing everything sponsored but noted in some areas it may make sense.

Mr. Hughes responded the reductions will include the elimination of bridge repair, which is not part of the proposed \$50,000 capital identified in the additional fee rounds revenue generation as trees, seawall, and the bridge repair may be next year as well as golf cart purchases. The department has not figured out how to spend \$50,000 revenue and they will be evaluating the possibility of cross country skiing.

Mr. Smith noted that we make every attempt to save costs where ever possible and gave the example of the fire fighters working to re-roof a shed at material cost only.

Mr. Hughes commented that we will again staff the 9 Mile/Chapaton Boat Ramp and will be actively advertising the \$10 per launch is open to residents and non-residents in our attempt to generate additional revenues.

Mr. Vitale would like the 9 Mile Boat Ramp launches to be staffed with volunteers.

Ms. Rusie asked if administration has a cash handling policy to be implemented with this process.

Mr. Smith noted that the Gate Guards at the 3 Boat Ramp Launch sites are taking in cash; we do run background checks. These positions also restock the restrooms, empty trash as well as other duties. The Boat launch is cash only as well. The parks are remote point of sale and to be able use internet connections for debit or credit card payments would require infrastructure improvements. People interested in volunteering for the 9 Mile Launch should contact Mr. Smith.

Mr. Hughes advised council that an RFP has been issued to the private sector for lawn maintenance, snow removal etc. We will know the pricing of theses services prior to the April 30 May 1 budget hearings. We believe, in this economy, to see what the private sector can do to be competitive in price savings.

Ms. Rusie asked if we had explored shared services with the school districts to. Mr. Hughes responded he met with the school districts in late January; they looked at everything we do in comparison to the schools, chlorine, snow removal, trash collection, talked about shared contracts up. They are interested in Trash collection bidding together

**Agenda Item 2 cont'd.**

On these particular items it would create a volume of the bid work so large that a small company could not bid, so he made the determination of no consolidation. We did include a performance bond so we could get rid of this type of equipment, so if they go out of business, we would have money to pay someone in the interim. We tried to match up service to allow for small businesses to bid, and cover the City to maintain service.

Mr. Frederick asked what are we doing right now (preseason) and how are we doing it now? Mr. Hughes responded we are bringing temporary employees back right now or within few weeks. Is the bid for lawn maintenance just at parks; does it include any city owned buildings.

Mayor Walby responded the bid was designed so a vendor can bid on one service, two or all services as it is an ala carte option and can be awarded to one vendor or to different vendors by bid type. They were bid out separately. If you wish to bid on lawn maintenance you must submit a bid on all lawn maintenance. We reserve the right to split out options. These are RFPS and not sealed bids which allows for us to work out arrangements that best serve the City. As the Bid opening will be on April 13, we will not see a request for awards prior to the budget hearings. As well they need to be reviewed by Finance to compare with total costs to the City currently to determine what is best for the City.

Mr. Smith agreed in the cost comparison. We have 6 full time staff that oversee these parks and use temporary staff to provide the services, so it will take a lot of analysis.

The Department of Community Services has privatized services and all of these items went out for RFPS. We will see the results of some of these items on the first meeting in April. We have privatized the maintenance of abandoned homes, snow shoveling, etc.; things in the 1990's we had fulltime staff to handle. In today's economy we should see a potential for cost savings.

Mayor Walby commented for these items we hope will be good news in cost savings.

Insurance Claims Liability Account has been reviewed. This account has built in additional expenses every year anticipating claims and has money set aside for outstanding claims. The Reserves amount is substantial and we can reduce it by \$250,000, based on the carry over reserves of the prior year.

Mr. Hughes stated that they have been researching the potential of refinancing the Recreation Revenue Bond related to the boat marina behind City Hall and this could reduce our interest payment in the amount of \$200,000.

Mr. Rubino asked if that was an annual savings or a savings over the bond life. Mr. Hughes responded it is annual but with a reduced annual amount each year as the principal is less.

Mayor Walby stated we will need to consider if Council wants to lengthen a bond that is paid off in 2016. We also can consider borrowing from the sanitation fund, paying our own fund back with interest and lengthening the payment to 2019 or longer. These options would possibly make the whole Recreation Revenue Fund break even.

Mr. Hughes noted that there will be a further reduction of approximately \$65,000 in expenses from the operations of the swimming pool and the marina. These reductions will not result in any changes to the hours of operation. This will not reduce the pool safety as will have the same number of lifeguards at the pool. Every one of the lifeguard chairs will still be occupied. You may see a reduction in the shuttle service to pool and parking only.

Mr. Vitale asked if the pool is closed at night. Mr. Hughes responded that the pool closes at 8:00 pm and the swim team uses it after 8 pm and prior to the pool opening.

Mr. Caron asked for future documents that they be split in categories of "one time fixes" and "permanent structural fixes."

Mr. Hughes stated that the proposed printed budget will be delivered to you prior to the April 16 meeting for formal delivery.

Mayor Walby stated this evening was a highlight of the structural budget changes. Council should keep these documents discussed, so there is no confusion down the road. Administration should keep moving forward and we will let you know how to proceed.

Mr. Hughes stated we are going to proceed on the items we have presented this evening in the proposed budget.

3. **AUDIENCE PARTICIPATION - NONE**

4. **ADJOURNMENT**

**Motion by Rubino, seconded by Frederick to adjourn the meeting at 10:43a.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).