

MAY 10, 2016

BUDGET WORKSHOP

5:30 P.M.

A Budget Workshop of the City of Grosse Pointe Park was held on Tuesday, May 10, 2016, to discuss the upcoming 2016/17 budget within the various funds.

The following were present: Councilmembers Clark, Arora, Chouinard, Robson, Detwiler, and Grano, and Mayor Denner.

Also present: Dale Krajniak, City Manager, Jane M. Blahut, Finance Director/Clerk, and Stephen Poloni, Director of Public Safety.

Excused Absence: Dennis J. Levasseur, City Attorney

City Manager Krajniak summarized the general fund budget highlighting the major issues confronting the City. He provided a spreadsheet of events that took place including tax revenue losses since 2008 of \$651,086, state shared revenue losses of \$439,911 since 2001 along with the escalation pension costs of \$1,250,000 since 2003. He indicated the City participates with MERS, a program managed by the State of Michigan. All payments required by MERS have always been satisfied and will continue to be. Staffing levels were reduced from 85 full time employees in 2006, compared to the current 67 full time employees. Benefits have been reduced significantly. Anyone hired after March 1, 2014, the pension multiplier was reduced along with the elimination of retiree health care for all new employees. Prior to 2012, all Public safety officers were provided a family health care coverage with full years of service after retirement. Effective 2012, all employees' coverage was reduced to a two family coverage at retirement, eliminating dependents. Deductibles have been increased to a \$2,000 single person and a \$4,000 2-person, family coverage for all active employees. All contracts expire June 30, 2017. Negotiations will include further reductions to pension for all active employees. With the loss in tax revenue, and state shared revenue, coupled with the escalating pension costs, it's approximately a \$2,000,000 swing to the negative. The City has managed to balance the budget with the sale of properties, along with employee and benefit reductions. However, going forward there will not be property available.

The Council will have to review revenue stream options going forward for the general fund.

City Manager stated the road resurfacing program in the initial year included resurfacing two years of construction. The contract with Cadillac included payment to be provided within 12 months interest free. A map of the City including streets resurfaced in f/y 2015 along with the proposed streets for the upcoming fiscal year was provided.

City Manager stated the Rubbish Fund; DDA & TIFA Funds are status quo. He noted the Capital Improvement funds include marsiting of the pool, roof replacement at the Tompkins Center along with Public Safety equipment, including vehicles. Also included in the budget is the Mack Avenue paving, lighting, and tree replacement between Maryland and Lakepointe. This project will be undertaken block by block.

City Manager stated the Water/Sewer Fund requires the increases provided by GLWA will need to be passed on to the residents. Water flat rate charges along with flow rate charges increase is 7%. The sewer flat rate increase is 9%. He noted GLWA is updating their infrastructure in the amount of approximately \$50,000,000 this year. They propose in the next three years to update an additional \$120,000,000 for repairs that will be passed on to the Cities that receive water and sewer services from GLWA, so the increases will have to be passed on to the residents.

City Manager stated the Marina Fund is status quo.

Several Councilmembers recommended the review of the current contractor, specifically the building department, and rubbish contractor.

City Manager indicated he is in the process of reviewing contracts that include the building department and rubbish contracts.

Mayor Denner indicated the Public Hearing to adopt the 2016/17 budget is scheduled for May 23, at 7:00 p.m.

With no further business, the meeting adjourned.