

COUNCIL MEETING – JULY 25, 2016
7:00 P.M.

A regular meeting of the City of Grosse Pointe Park City Council was held on Monday, July 25, 2016, and opened with the Pledge of Allegiance to the Flag.

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

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

MARGE'S BAR

Director Poloni stated the owner of Marge's Bar, located at 15300 Mack Avenue, has requested a one day outdoor liquor license service permit for Saturday, September 17, 2016 in celebration of their 50th Anniversary. The one day permit will allow alcoholic beverages to be served in the parking lot during the normal hours of operation on September 17, 2016.

Motion by Councilmember Grano, supported by Councilmember Clark, to approve the one day outdoor service license for Marge's Bar located at 15300 Mack in the parking lot during normal hours of operation.

AYES: Councilmember Clark, Arora, Chouinard, Robson, Detwiler, and Grano, and Mayor Denner

NAYS: None

COMMITTEE REPORTS

Mayor Denner reported that no committee meetings have been held since the last time Council met.

MINUTES – JUNE 13, 2016 & JULY 11, 2016

Mayor Denner presented to Council for consideration the minutes of the June 13, 2016, and July 11, 2016, meetings for approval as presented.

Mayor Denner indicated there was an incorrect date on the minutes of June 13th and it was updated to reflect the proper date.

Motion by Councilmember Robson, supported by Councilmember Clark, to approve the minutes of June 13, 2016, and July 11, 2016, for approval, with the correction reflecting the date on the June 13th minutes.

AYES: Councilmembers Clark, Arora, Chouinard, Robson, Detwiler, and Grano, and Mayor Denner

NAYS: None

MILLAGE RATE REVIEW

Mayor Denner presented to Council for consideration a proposal to place a millage rate increase request on the November 8, 2016, ballot.

City Manager stated that for the 2015/16 fiscal year, the City should break even. However, we are still waiting for the final health insurance costs. City Manager noted going forward the City will be required to raise additional funds to meet its operating requirements.

City Manager noted tax revenues in the current year are \$650,000 less than ten years ago, coupled with the reduction in State Shared Revenues of approximately \$400,000 over the past decade. In the current budget there is a reliance of fund reserves in excess of \$500,000 along with reliance on sale of fixed assets in the amount of \$410,000. A millage is necessary to balance the budget to continue existing levels of operations and assist in the escalating required pension contribution to the Municipal Employees Retirement System (MERS).

City Manager stated Grosse Pointe Park has been at the Headlee cap for the past 13 years and this past year property values increased 4% this year, the rate of inflation was .03%, requiring the City to roll back the tax rate. To balance the budget over the last ten years, staff levels have been reduced from 85 to the current 66. Also the reliance on sale of fixed assets in the amount of approximately \$400,000 has been included in each year's budget to balance the budget. The City properties have been reduced whereby reliance on sales cannot be utilized to balance the budget going forward. Pension benefits have been reduced for employees, and health care was eliminated for anyone hired after March 1, 2014, at retirement. All public safety employees hired prior to March 1, 2014, health insurance coverage at retirement was reduced from a family coverage to a two person only, as well. All union contracts expire in June, 2017, where further reductions in pension and health benefits will be negotiated to further reduce our long term liability.

City Manager noted the administration recommends a millage levy request of up to \$2.75 be placed on the November 8, 2016, ballot. He noted in the first two years, a recommendation of 1.5 mills be levied to eliminate the use of fund reserves and reliance upon the sale of fixed assets. He also stated a debt retirement millage for tax year 2016 has been removed of .97 mills; this millage was placed on the summer 2015 bill, assessed by Wayne County. If the 1.5 millage is approved, the net millage increase is approximately .53 mills. For a homeowner with a taxable value of \$200,000, the increase in tax would be approximately \$106.00 annually. In 2018, an additional debt payment will be removed which equates to .35 mills at which time the 2.75 will be levied, whereby the net increase will be 1.43 mills. For a home value of 200,000, the tax increase would be \$286.00 annually. In 2019, a sewer fee debt obligation will be retired, equating to approximately 2.55 mills, therefore, reducing the overall city tax burden by 1.12 mills from our current levels.

City Manager stated the City operates with a minimal staff and provides the same level of service as it did a decade ago. However, the millage is necessary to maintain existing levels particularly public safety staffing levels which reflect 65% of the city's operating budget plus, provide equipment and infrastructure repairs and upgrades as needed.

City Manager stated the City participates in the independently operated state wide Municipal Employees Retirement System (MERS) and noted after the market crash in 2008, the assets within the fund were reduced significantly, therefore, requiring larger required contributions by the City.

Mayor Denner indicated in 2003, the city required contribution was \$153,000 while the fiscal year 2017, the contribution requirement is \$1,400,000. They predict in five years will be approximately \$2,000,000.

Councilmember Grano stated that to opt out of the defined benefit plan and close the plan, the fund must be funded at 120%, which is not attainable.

Councilmember Detwiler stated the estimates to bridge down the benefit within the public safety department will save \$260,000 annually.

Councilmember Grano inquired if new hires can be placed in a defined contribution plan.

City Manager stated he would review all available options with MERS.

Councilmember Clark stated that the increase at the maximum levy of 2.75 mills will be cost neutral to the resident tax bills over the next three or four year period as the city as the equivalent of 3.80 mills are coming off the rolls.

Councilmember Detwiler indicated the ballot language in the proposal is unclear and needs to articulate the first entail two year's rates and its equivalent millage rate.

Councilmember Chouinard concurred with Councilmember Detwiler.

Motion by Councilmember Clark, supported by Councilmember Detwiler, to approve the millage proposal with the language articulating the requested 1.5 mill assessment for the first two years.

AYES: Councilmembers Clark, Arora, Chouinard, Robson, Detwiler, and Grano, and Mayor Denner.

NAYS: None

Councilmember Grano commended the Administration for trying to tackle the structural problems the City is faced with. He recommended seeking more community input and hearings to provide detailed information to educate our residents of the structural situation our City is faced with.

Councilmember Detwiler indicated the filing deadline for ballot language for the November 8, 2016, election is August 2, 2016 so the city at this time to place the matter before residents this fall for their decision.

Councilmember Clark stated it is never a good topic to ask residents for a tax increase, however, we have an obligation to raise additional revenues and eliminate the need to rely on fund reserves and further noted the general election in November will provide the greatest turnout from our voters due to the presidential election.

Councilmember Robson stated the Administration has managed the budgets well with shrinking revenues and less staff. He does not wish to vote for this, however, he will because it is the responsible thing to do.

CLOSED DOOR

Mayor Denner requested that a closed door session held immediately following the regular meeting pursuant to litigation.

Motion by Mayor Denner, supported by Councilmember Clark, that a closed door session be held immediately following the regular meeting pursuant to litigation.

AYES: Councilmembers Clark, Arora, Chouinard, Robson, Detwiler, and Grano, and Mayor Denner.

NAYS: None

NEW/OLD BUSINES

WATER:

Al Mazur, resident of the condo complex on Jefferson, requested a reduction in a high water bill he received for the 41 unit condo complex. He noted the increase for the flat rate Great Lakes Water Authority (GLWA) was significant and would appreciate consideration for a reduction.

City Manager stated that the charge for GLWA is charged on a per unit household basis. The individual condos were not billed accordingly and the bill now reflects the amount of all residential households. For example a two family pays \$50.52 for two units, a four family pays for four units. The condo complex had been billed incorrectly for only one unit and now the City is collecting equitably.

Mayor Denner requested the Administration review this matter further.

PAVING:

Councilmember Arora inquired into the process of notifying our residents of street paving. She indicated a resident scheduled a delivery and was unable to accept the delivery.

City Manager stated we generally notified two days prior to the construction and will assign Nick Sizeland, assistant, to follow up on the problems.

Councilmember Arora recommended the assistant also work on improving the existing website, making it more user friendly.

SEWER BACKUP:

Councilmember Grano indicated there are Bedford residents at this meeting and he requested a Public Service Committee meeting be scheduled to discuss and review the storm event that resulted in basement backups.

CONSTRUCTION FENCING:

Councilmember Arora recommended the contractors constructing the new homes be required to place safety fencing around the perimeters.

City Manager indicated he would follow up on the same.

With no further business, the meeting recessed to closed door session.

The meeting reconvened to open door session.

With no further business the meeting adjourned.